

JPRS-CEA-86-084

10 JULY 1986

China Report

ECONOMIC AFFAIRS

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

10 JULY 1986

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PROVINCIAL AFFAIRS

Beijing Mayor Chen Xitong on Seventh 5-Year Plan (BEIJING RIBAO, 22 May 86).....	1
Hu Ping Discusses Fujian's Economic Situation (FUJIAN RIBAO, 23 May 86).....	36
Hebei Vice Governor on Seventh 5-Year Plan (HEBEI RIBAO, 6 May 86).....	38
Shandong Governor Reports on Seventh 5-Year Plan (Li Changan; DAZHONG RIBAO, 21 May 86).....	63

MINERAL RESOURCES

Anhui Governor Inspects Iron Mine Accident (ANHUI RIBAO, 11 May 86).....	102
---	-----

INDUSTRY

Baoshan Steel Mill Rolls Out First Seamless Steel Tube (Pei Tongxiao; JIEFANG RIBAO, 26 Nov 85).....	103
---	-----

FOREIGN TRADE AND INVESTMENT

Sweden's Pharmacia Asked To Direct Biotech Project (Sune Olofson; SVENSKA DAGBLADET, 14 May 86).....	104
---	-----

HONG KONG

Domestic Exports, Re-Exports Show 7 Percent Decline
(SOUTH CHINA MORNING POST, 6 May 86)..... 106

/12675

PROVINCIAL AFFAIRS

BEIJING MAYOR CHEN XITONG ON SEVENTH 5-YEAR PLAN

SK042301 Beijing BEIJING RIBAO in Chinese 22 May 86 pp 1-3

[Report on the Seventh 5-Year Plan for Beijing Municipality's Economic and Social Development, delivered by Mayor Chen Xitong at the Fifth Session of the Eighth Beijing Municipal People's Congress on 13 May]

[Text] Fellow deputies:

On behalf of the Municipal People's Government, I now submit a report on the Seventh 5-Year Plan for the Municipality's Economic and Social Development to the present session. The draft Seventh 5-Year Plan has already been distributed to deputies for examination. Before making a report on the Seventh 5-Year Plan, I will make a report on the implementation of the Sixth 5-Year Plan.

1. The Implementation of the Sixth 5-Year Plan

During the Sixth 5-Year Plan period, under the cordial concern and the leadership of the CPC Central Committee and the State Council and under the direct leadership of the Beijing Municipal CPC Committee, the people of all nationalities throughout the municipality conscientiously implemented the general principle of the CPC Central Committee on enlivening the domestic economy and opening up to the outside world, implemented the four instructions and the 10-point written instructions of the CPC Central Committee on the construction of the capital, adhered to reform, made explorations bravely, pooled the wisdom and efforts of the people, worked hard to fulfill or overfulfill the various tasks and the major targets of the Seventh 5-Year Plan. As a result, new progress was made in the socialist modernization drive of the municipality.

1) The urban and rural development was initially incorporated into the orbit of the four instructions and the 10-point written instructions, and new changes were effected in the urban and rural outlook.

In 1980 the Secretariat of the CPC Central Committee formulated four instructions on the construction of the capital. In 1983 the CPC Central Committee and the State Council approved the "Programs on the Overall Planning for the Beijing's Urban Construction," made 10 important written instructions, and decided to establish a commission for the capital's planning and construction.

The four instructions and the 10 written instructions have comprehensively summed up the experiences on the construction of the capital over the past 30 years, have defined the nature of Beijing as the nation's political and cultural center, and stipulated the scale and orientation of the development of the capital, thus becoming the guiding principles for Beijing's urban and rural construction and for various other aspects of work. The four instructions and the 10 written instructions have indicated that Beijing's socialist modernization drive has entered a new stage. Through conscientious studies and discussions, the people throughout the municipality have been greatly inspired by these instructions, and have understood that all items of our work should be subordinated to and serve the demands of Beijing's city nature. Under the guidance of the overall planning, and in the light of the problems in the urban and rural construction, we have extensively mobilized the masses to conduct the work of overcoming disorder, listlessness, and ineffectiveness. At the same time, the focus of the urban planning has been expeditiously changed to the drawing up of different plans for different localities and professions. Thanks to years of hard work, we have already basically completed the drawing-up of the plans for land utilization of different localities, and some 30 plans for various professional trades and for the remote and suburban counties and towns. Great headway has been made in the detailed planning for the key areas in the urban areas, the planning for the rural country fairs and towns, and the planning for the new villages of peasants. The drawing-up of these plans has provided favorable conditions for overcoming the disorder and decentralization of the construction, and for conducting construction in a planned way and in line with the overall planning.

Construction of the basic facilities has always been the weak link of the urban construction, which has seriously prevented us from giving play to the function of the capital city. During the Sixth 5-Year Plan period, we persistently placed the construction of the urban basic facilities at a conspicuous position, and the investment in the construction of the urban basic facilities increased by 97.3 percent over that during the Fifth 5-Year Plan period. In the past 5 years we built and reconstructed four water works which added a daily water supply capacity of 340,000 tons, completed the expansion project of the Beijing Gas Plant and the first-phase projects of diverting the gas of the Shoudu Iron and Steel Company to the urban areas and the natural gas of northern China to Beijing, and increased the number of new gas consuming families by 167,000, which was 4.5 times that of the Fifth 5-Year Plan period. Together with the original number of consumers, the city outskirts had 1.02 million fuel gas consuming households, accounting for 71 percent of the total number of fuel gas consuming families. During this period, we increased the central heating areas by 3.5 million square meters and supplied heating to a community covering 3.17 million square meters in floor space [lian pian gong re 6647 3651 0180 3583], increased the number of new post and telecommunications bureaus (units) by 52, rebuilt and expanded 54 telephone bureaus with a total installed capacity of 214,000 telephone lines, showing an increase of 80.6 percent over 1980, thus enabling Beijing to communicate with 26 cities by direct dial telephones and to contact 39 countries and localities through direct circuit communications. Comparing 1985 with 1980, we increased the total length of roads in the urban areas by 16.9 percent, expanded the areas of roads by 54.1 percent, improved the Neierhuan Road and

opened up the Sanhuan Road, built 38 new highway and railway overpasses, completed the second-phase subway railroads, built and rebuilt 14.28 million km of highways which showed an increase of 15.6 percent over 1980, and basically connected townships and villages in the suburban areas with roads.

We scored fairly big progress in building the urban areas and villages and towns in the suburban areas. During the Sixth 5-Year Plan period, some 39.42 million square meters of housing in the urban areas were built which was approximately two times the area of Beijing in the early liberation period, showing an increase of 83 percent over the Fifth 5-Year Plan period. Of this, the residential housing areas showed an increase of 120 percent over the Fifth 5-Year Plan period. Some 22 small residential areas each covering over 100,000 square meters in floor space, were built. Marked changes took place in the suburban counties. The construction of Huangcun and Changping satellite cities, 13 market towns, and 37 new villages were in their initial stages.

The central directives on beautifying the environment of the capital won support from the people, and the mass campaigns on planting trees, grass, and flowers were vigorously carried out. The level of afforesting and beautifying the urban areas enhanced markedly. In the past 5 years, the urban areas planted more than 10 million trees, sodded 4 million square meters of land, built some 50 green plots totalling 150 hectares along the roads, built 14 new parks, and rebuilt and expanded 15 parks. Some organs, enterprises, schools, barracks, courtyards, and families planted trees and became more beautiful. In the suburban areas, some 2.3 million mu of barren hills were afforested, an increase of 85 percent over the Fifth 5-Year Plan period, and some 100 million trees were planted in the flatlands, thus helping to ease the damage caused by wind and sand storms in Beijing. At the same time, we strived to comprehensively tackle environmental problems. In the urban areas, we ordered some 900 plants which caused pollution and disturbed the residents to change their production to other products, to shut down, to amalgamate with other plants, and to move away; renovated some boilers; tackled the problems of some 20 dirty ditches, rivers, lakes and dirty roads, plants and stations; built and rebuilt more than 1,200 new public lavatories; urged the city outskirts to put garbage into containers; and strengthened efforts to tackle sound pollution. Some improvements were made in improving the urban environment.

We gradually strengthened management over the city and began to embark on the path of managing the city in line with the law. In the past 5 years we formulated a total of 128 local laws and regulations, thus promoting improvements in public order.

2) The economic sector showed a sustained and steady growth, focusing its work on the path of raising economic results. The trades and production departments with the characteristics of the capital helped the acceleration of development.

During the Sixth 5-Year Plan period, the total industrial and agricultural output value showed an average annual increase of 8.7 percent, topping the

plan by 4.3 percent. Of this, the total industrial output value showed an average increase of 7.6 percent (an increase of 8.7 percent if the output value of village-run industries was included), and the agricultural output value showed an average increase of 19 percent (an increase of 7.7 percent if the output value of the village-run industries was excluded). The gross domestic product showed an average annual increase of 10.8 percent, and the average annual national income increased by 9.8 percent, thus prefulfilling the Sixth 5-Year Plan by 2 years. The markets were brisk and abundant. The total retail sales of commodities in 1985 reached 12.79 billion yuan, doubling that of 1980 and showing an average annual increase of 15.8 percent.

We attached importance to the tertiary industry and developed it rapidly. Its proportion in the gross value of domestic production grew from 26.8 percent in 1980 to 33.3 percent in 1985, and the people engaged in the tertiary industry increased from 30.7 to 36.1 percent in the total employees of the municipality. In 1985, commercial, catering, service, and repair shops in service of the people's lives increased to 82,000 throughout the municipality, an increase of 3.5 times over 1980. On the average, there were 85.6 shops per 10,000 people of the municipality, an increase of 3.2 times over 1980, and there were nearly 600 trade fairs and groups of stalls. The number of hotels, inns, and guest-houses opened to the public went up from 129 in 1980 to 3,564 in 1985, the number of beds from some 30,000 to 386,000, an increase of 26.6 and 11.8 times, respectively. During the 5 years, the number of vehicles for public transportation increased by 1,480, and that of taxis by 9,630, more than four times over the number increased during the Fifth 5-Year Plan period. Inconveniences in the people's lives, and the difficulty that travelers to Beijing found in lodging were eased to certain degrees.

Tourism expanded rapidly. According to the demands of the four directives of the central authorities, tourism is an industry that should be developed on a priority basis. During the Sixth 5-Year Plan period, a number of facilities of considerable scales in service of tourists were built in their initial shape. More than 100 scenic spots were opened to foreigners, and 63 hotels of different grades with 32,000 beds were built to accommodate foreigners. Tourist commodities increased somewhat. In 1985, the municipality received 937,000 tourists from abroad, 2.2 times more than in 1980, and earned foreign exchange through tourism equivalent to 940 million yuan Renminbi, 2.5 times more than in 1980, and accounting for 50 percent of the foreign exchange earned from exports in the same year.

The building industry became more and more important in the municipality's national economy with each passing day. In 1985, its output value totaled 4.39 billion yuan, two times more than in 1980, and its labor productivity grew by 26.9 percent.

Industries suitable for the characteristics of the capital were developed on a priority basis. As compared with 1980, the output value of the food industry grew by 48 percent, that of the tailoring industry by 47 percent, and that of electronic industry by 100 percent in 1985. Among the household electric appliances, in 1985, the output of television sets increased by 1.7 times (of which the output of color television sets increased by 31 times),

that of refrigerators by 5.7 times, and that of washing machines by 10 times over 1980. Other knowledge- and technology-intensive industries also witnessed fairly great development. The average annual growth rate of the output value of light industry was 8.7 percent, higher than the 7-percent growth rate of heavy industry. Economic results of industries improved to a fairly great extent. The per-capita labor productivity, energy and water consumption for per 10,000 yuan of output value, and other overall economic results all reached or exceeded the targets.

The suburbs and rural areas adhered to the principle of "serving the capital, making the peasants prosper, and building a socialist modern new countryside," further strengthened their material and technological foundations for agriculture, continuously improved and consolidated their cooperative economic organizations, achieved new results in building nonstaple food bases, and rapidly developed their township enterprises. Compared with 1980, the total grain output increased by 18.1 percent in 1985, with the per-mu yield exceeding 450 kg; the amount of vegetables put on market increased by 13.2 percent; the output of milk was doubled, the output of eggs grew by 3.1 times, with the per-capita amount of urban residents reaching 24.5 kg; the output of chickens and fresh-water fish grew by three times, and that of dried and fresh fruits by 18.5 percent. Township enterprises became not only an important pillar of the rural economy and an important source of the fund supply for various rural undertakings but also the second front of Beijing's industries. As compared with 1980, the total income of township enterprises in the total income of the collective economy went up from 48.4 percent to 70.2 percent in 1985; the number of laborers directly engaged in farming in the total number of rural laborers dropped from 81.9 to 59.9 percent; and the output value of township enterprises in the total output value of the industries of the municipality (including village-run industries) grew from 4.6 to 12.3 percent. The economic development in the suburban and rural areas forged closer ties between the urban and the rural areas and between industry and agriculture, facilitated urban-rural cooperation, and narrowed the difference between the urban and the rural areas.

The municipality achieved greater development in establishing economic and trade relations with foreign countries. During the 5-year period, the municipality exported \$3.08 billion of goods to foreign countries, a 77.5-percent increase over the figure scored in the implementation period of the Fifth 5-Year Plan. It signed contracts for more than 1,000 items of advanced technology imported from foreign countries and of utilization of foreign funds, which were worth \$2.2 billion. The number of foreign countries and regions that invested in the municipality or exported their technology and equipment to the municipality increased from 8 to more than 30, and the number of enterprises established abroad increased from 5 to 23. The municipality also made a good start in signing contracts for building projects and labor cooperation.

Along with economic development and the increase in economic results, the municipality changed the declining situation in financial revenues of the first 2 years of the implementation period of the Sixth 5-Year Plan. In 1985, the municipality showed a 22.7-percent increase in financial revenues over the 1980 figure. During the 5-year period, the total output value of 21.65 billion yuan, a 12.2-percent increase over the figure scored in the

implementation period of the Fifth 5-Year Plan, showing a 4.2-percent yearly average increase. The increase of production revenues has not only provided conditions for conducting smooth reforms, but has also laid a foundation for economic and social development in the implementation period of the Seventh 5-Year Plan.

3) Marked achievements were made in training talented personnel and popularizing science and technology, and undertakings in education, science and technology, and culture achieved prosperous development.

Over the past few years, particularly since the issuance of the "decision" made by the CPC Central Committee with regard to conducting reforms in educational systems, the municipality has created a new atmosphere in which the entire society shows concern or supports educational undertakings. During the 5-year period, the municipal financial department appropriated 1.4 billion yuan for educational undertakings, a 72.8-percent increase calculated in terms of comparable items over the figure scored in the implementation period of the Fifth 5-Year Plan, showing a 15-percent yearly average increase that greatly surpassed the 4.2 percent yearly average increase scored in financial revenues. The departments and units also gave support to improving school conditions by actively making concerted efforts with the schools. According to initial statistics, in 1985 the districts, counties, and industries and trades throughout the municipality raised 140 million yuan of educational funds, which were equal to the 36.1 percent of total educational funds appropriated by the municipal government in the year. During the 5-year period, the municipality trained 141,000 specialized talented personnel, (excluding adult education results). The number of students in higher educational institutions in 1985 reached 123,000 and returned to the standard scored before the "Cultural Revolution." The number of students in adult higher educational institutions reached more than 100,000 an increase 1.4 times that of the 1980 figure. At present, 153,000 self-study personnel have passed the qualification test of higher education. The municipality made marked achievements in conducting reforms in the secondary educational structure and readjusted the proportion of student enrollment between general senior middle schools and secondary vocational and technical schools from 1:0.16 in 1980 to 1:1.4 in 1985, prefulfilling the plan of achieving 1:1 in 2 years. Elementary education was made universal throughout the municipality, and urban areas made junior middle school education universal. The municipality further achieved development in nursery undertakings and increased the rate of enrolling preschool-age children to urban nurseries from 48.1 percent to 58.7 percent.

Scientific and technological work drew day-to-day attention in the municipality. Under the impetus of the "decision" made by the CPC Central Committee with regard to conducting reforms in scientific and technological systems, reforms conducted by the independent scientific institutes under the municipal administration were in full swing. The scientific and technological departments earnestly implemented the principle of "having economic construction rely on science and technology that must be geared to economic construction." During the 5-year period, the municipality submitted 4,051 scientific research results for appraisal. Of these results, 63 items won the national prize of scientific and technological progress, 83 items won the national invention prize, and 2,103 items won the municipal prize of scientific and technological

results. Of the national inventions that have won patent rights, 53 items were submitted by the municipality, accounting for 46.8 percent of the total inventions. According to statistics, 340 results created 830 million yuan of output value calculated in terms of direct economic returns and 170 million yuan of profits and taxes. The scientific and technological departments also actively opened technical markets and accelerated the pace of commercializing technical results. Scientific and technological coordination was extensively carried out, and the number of associations between scientific research institutes and production units reached 508. The municipality established scientific and technological cooperative relations with 14 foreign countries and set up more than 700 collective and individual-owned units for scientific and technological services. Social science research departments and their fellow researchers carried out extensive and penetrating study in line with the major theoretical and practical issues cropping up in the program of building the socialist modernization in the capital of the country, and scored a large number of research results of certain quality.

New headway was made in cultural work. One hundred television relay stations were newly built, making the television broadcast coverage rate reach 90 percent. Thirty-six museums and cultural houses were newly built. Comparing 1985 with 1980, the number of publications of various kinds increased by 720 million in pages; the distributed volume of newspapers, 100 million copies; book, 370 million copies; and magazines, 240 million copies. Press, broadcasting, television, and publishing departments as well as a large number of literary and art workers persistently gave top priority to social benefit, and produced a large number of good spiritual products, with the teleplay "Four Generations in One House" as the representative product. Cultural networks at the city, district (county), and neighborhood (township) levels were consolidated and developed day by day and enlivened the cultural life of the people.

Management and protection of historical relics were strengthened. The number of historical relics protection units at or above the city level increased from 69 in 1980 to 189 in 1985, and the number of newly designated historical relics protection units at the county level increased to 433. From 1981 to 1985, some 100 million yuan was spent on protecting historical relics and repairing capital construction and ancient relics, doubling that of the Fifth 5-Year Plan period. Repair of a large number of important historical relics began. After making useful explorations for combining the scientific protection of historical relics with the reasonable utilization of historical relics, historical relics have played their due role in the modernization drive.

Progress was made in public health undertakings. From 1981 to 1985, some 10,000 hospital beds were added; of this figure, 8,000 were installed in the 30 newly built and expanded hospitals. The number of sick beds in households reached 79,000, and 1,180 individual doctors opened their own clinics. Attention was paid to traditional Chinese medical science and medicine, and new progress was made in combining traditional Chinese medical science with Western medical science. Sanitation and anti-epidemic work as well as health protection for women and children were strengthened. Marked achievements were scored in family planning work, and the natural population growth rate was controlled at seven per thousand.

Physical undertakings were developed day by day; sports facilities increased; mass sports activities were conducted more extensively; some sports items scored good achievements at international and domestic contests; and a total of 1,720 medals were won during the Sixth 5-Year Plan period.

4) We strengthened the building of spiritual civilization, democracy, and the legal system, and consolidated and developed the political situation of stability and unity.

Over the past 5 years, we conducted the education among the masses throughout the municipality on adhering to the four basic principles, the education on the cultivation of lofty ideals, moral integrity, cultural accomplishments and discipline, with a focus on communist ideals, and the education on the current situation and policies. We also extensively conducted the activities of building spiritual civilization such as the "five-stress, four-beauty, and three-love" campaign, the "military-civilian and the police-civilian joint activities to build civilized units," "being responsible for sanitation, afforestation, and order of one's own units," and "rendering comprehensive service to childless old people and to family members of revolutionary martyrs and servicemen." Such healthy attitudes as showing concern for the state, collectives and other people, respecting the old and loving the young, and finding it a pleasure to help others were carried forward. There were many advanced figures on various fronts who represented the main ideological trend of the new stage and embodied the spirit of the time, such as Zhang Jieshi, Dai Hongxiang, Zhang Zhenliang, Fang Qi, Wang Guirong, Du Jingang, Han Youjin, Chen Hongzhi, Chen Shiping, Qiu Daren, Tao Xiping, Pan Jiluan, Wang Xifu, Si Kunfan, Mu Ping, and Liu Jifeng. At the same time, a large number of civilized units and five-good families emerged.

The building of democracy and the legal system was further strengthened. The role of the workers congresses, villagers' committees, neighborhood committees, and women's congresses became increasingly greater. Governments at all levels strengthened the work of handling the letters and visits from the masses, handling the opinions, suggestions, and criticisms of people's deputies, and handling the motions raised by CPPCC members. We established and amplified lawyers and notary organizations. We strengthened the propagation on the legal system and the popularization of legal knowledge, and trained 78,000 leading cadres of various levels. Thanks to the campaign of dealing strict blows to serious criminal offenses and economic crimes and the implementation of the comprehensive administration over public security, the municipal public security and social order improved remarkably. Comparing the 29 months before August 1983 when the campaign of dealing strict blows to serious criminal offenses and economic crimes was launched with the 29 months after the campaign, criminal cases dropped by 45 percent, and the sense of the people's safety was strengthened.

The state apparatus and legal system were strengthened. More than 500 young and middle-aged cadres in the prime of life assumed the leading posts at and above the district, county, and bureau level. Definite results were achieved in the experimental institutional reform. Township organs of state power were established extensively, and the work of neighborhood offices showed improvement. The party and state policies toward intellectuals, nationalities

affairs, united front work, overseas Chinese, religion, and people who revolted and crossed over to our side were further implemented. A great amount of work was done to reverse the verdicts of various unjustified, framed, and wrong cases concluded during the period of the "Cultural Revolution," and to return the confiscated property. The property rights of 7.65 million square meters of private houses that were taken over during the period of the "Cultural Revolution" were basically returned. Of the 1.23 million square meters of private houses that were appropriated, 705,000 square meters, or 53 percent, were vacated and returned to their owners.

The strengthening of spiritual civilization, democracy, and the legal system, and the implementation of various policies effectively promoted the political stability and unity of the capital.

5) The living standards of the people in both urban and rural areas showed further improvement.

Comparing 1985 with 1980, the per-capita net income of the peasants in the suburban areas increased from 308 yuan to 775 yuan, an increase of 1.5 times; and the per-capita wage of urban staff members and workers increased from 848 yuan to 1,343 yuan, an increase of 34.4 percent when price subsidies were added and price rises were considered. The consumption level of both urban and rural people showed notable improvement, and the consumption pattern also began to change. While improving their food and clothing, people possessed more high-grade consumer goods, in particular household electric appliances. According to a sample survey, per 100 urban families possessed 113 television sets (of which 32 were color televisions), 58 washing machines, 42 refrigerators, 87 electric fans, and 71 radio-recorders; and per 100 peasant families possessed 60 television sets, 23 washing machines, 32 electric fans, and 21 radio-recorders. During the 5-year period in question, more than 22 million square meters of housing were built in urban areas, which is equivalent to Beijing City in the early post-liberation period, and the housing conditions of some urban residents improved. In the suburban areas, about two-thirds of the peasant households had their houses newly built or repaired. By the end of 1985, the urban and rural people's savings deposits totaled 5.17 billion yuan, an increase of 2.6 times over 1980. A total of 840,000 people in the urban areas found jobs, and practically all the labor-capable handicapped people in the city proper were placed.

During the past 5 years we also conducted a great amount of foreign contacts, thus facilitating cooperation between the capital and a group of cities abroad and strengthening friendship between the peoples.

During the Sixth 5-Year Plan period, the achievements in the socialist modernization of the capital proved the total correctness of the line adopted since the 3d Plenary Session of the 11th CPC Central Committee, of the four directives and the 10-point written reply of the central authorities concerning the construction policies of the capital, and of the series of central decisions on reform.

Over the past 5 years, in line with the general policy of opening to the outside world and enlivening the domestic economy, reform, which was started in

the rural areas and was gradually extended to the urban areas, has always been a powerful impetus promoting our various undertakings. With the guidance of the CPC Central Committee's several documents No 1 on rural work, and its three decisions on reforms of the economic structure, the educational structure, and the scientific and technological structure, reforms in various fields were extended from pilot units to large areas. The establishment of the output-related contract responsibility system in the rural areas, and the various forms of responsibility systems in commercial, industrial, construction, scientific and technological, and educational fields began to break the longstanding two "common big pots," greatly boosted the socialist enthusiasm of the masses, and promoted the reforms, at varying degrees, of some systems in the production, circulation, and distribution spheres. These reforms instilled vigor and vitality into our economic undertakings, which began to embark on the track of focusing on economic results, and which stimulated the rapid growth of production and the progress of science and technology, culture, and education. As has been proven in practice, only when we carry out reform persistently and make explorations continuously can we achieve steady progress. If we are not persistent in carrying out reform, and waver and turn back once we encounter difficulties and setbacks, we will not only fail to consolidate the already scored achievement but also return to the old road of an ossified and closed economy.

In the past 5 years, we followed the mass line of "building and managing the city through the efforts of the people." The people cherish the capital of the motherland and decided to build the capital with their own hands. Recently, we extensively carried out voluntary labor. The broad masses of people actively participated in afforestation, beautifying the environment, tackling the problems of dirtiness and disorderliness, building bridges and roads, helping the people run schools, repairing cultural relics, and maintaining social order and security, thus making it possible for us to overcome difficulties and to rapidly carry out all undertakings under the situation in which the state financial and material resources were inadequate.

In the past 5 years, we persisted in building democracy and the legal system. The broad masses of people, people's deputies at all levels, CPPCC members, patriotic personages from all democratic parties and all walks of life, government advisers, experts, and scholars offered many valuable suggestions for the construction of the capital and for our work, gave vigorous support, criticism and supervision, and enabled us to avoid numerous mistakes. Many construction projects of the capital were initiated with the suggestions and the support of the masses and the people from all circles. While promoting socialist democracy, we strengthened the building of the legal system, combined the efforts of the specialized personnel with that of the people, and conscientiously enforced the law, thus providing an important guarantee for smoothly developing all undertakings in the capital during the Sixth 5-Year Plan period.

In the past 5 years, while carrying out the modernization program in the capital, we received the cordial concern and concrete guidance from the CPC Central Committee and the State Council, relied on the concerted efforts of the people of various nationalities throughout the capital, and received

vigorous support and help from the various central departments, the PLA units stationed in Beijing, as well as the fraternal cities and autonomous regions. Compatriots from Hong Kong and Macao, overseas Chinese, and friendly person-ages abroad also gave us vigorous support in many fields. Here, on behalf of the municipal government, I extend heartfelt thanks to the central organs, the PLA units stationed in Beijing, and the comrades of the fraternal cities and autonomous regions for their support. I also heartily thank the broad masses of workers from all fronts, the peasants, intellectuals, cadres, public security policemen and cadres, judicial workers, retired cadres, and activists in the neighborhoods for their help; compatriots from Taiwan, Hong Kong and Macao, overseas Chinese compatriots, and foreign friends for their concern for the construction of the capital; and all friends who offered us support and help.

Although we scored, certain achievements in the past 5 years, we are still far from meeting the requirements of the CPC Central Committee and the State Council as well as the wishes of the people of China and the city as a whole. There are still many defects in our work and many difficulties lying ahead. In the urban planning, construction, and management sectors, the situation in which the plans fail to keep pace with development and development fails to keep pace with construction and construction is carried out in a loosely organized manner has not fundamentally changed. Urban infrastructure, including water, electricity, gas, energy, communications and telecommunications, still lag behind urban development. The tasks of tackling environmental pollution are still very arduous. The urban management work is weak; the law, rules, and regulations are far from perfect; and the situation in which laws are not strictly followed and enforced and there are no specific laws for the people to follow still exist at a varied degree. Construction in violation of regulations frequently emerged. Population expansion has not been effectively controlled. Contradictions in the daily life of the people caused by rapid population growth has become very acute. Although we built a large number of residential houses, some residents have still found it difficult to share one. The task of implementing the policy of returning private houses to the owners still remains arduous. The tertiary industry still cannot cope with the needs, and the problem of inconveniences in the livelihood of the people is quite serious. In our economic work, we have failed to effectively control the macroeconomy and to enliven the microeconomy. Many enterprises have such problems as poor management, low economic performance, poor product quality, and serious waste and lag behind enterprises in advanced cities. Educational, scientific, technological, cultural, public health, and sports facilities still fall short of the demand of the capital cultural center, and the superiority of competent persons has not been fully exploited. Due to the lack of understanding and experience in the complicated and arduous nature of the reform, some mistakes have been made in our work. Although remarkable improvement has been made, public security and social order are not stable enough. To effect a stable improvement in this regard, firm and unswerving efforts are needed. In some trades and units, the quality of and attitude toward service are poor, and unhealthy trends are serious, thus harming the reputation of the capital. In government organs, there still is serious bureaucratic and wrangling workstyle in varying degrees. Some cadres have neglected their duties and have brought about many losses to the state. A few leading cadres have used power to seek personal gain and have even

indulged in embezzlement, bribery, and law violation. Such unhealthy trends have destroyed the prestige of the party and the government among the masses and have hindered the smooth development of the modernization drive and various reform projects.

Many of the above-mentioned problems have resulted from the lack of efforts and ineffective measures. Some of them have resulted from the lack of experiences and farsightedness, which has prevented us from correcting them in a timely manner. Some problems and difficulties in urban construction have resulted from the lack of financial and material resources and objective conditions. For these problems, we can only do what we are capable of and do our best to solve them gradually. We sincerely hope that fellow deputies will offer more criticism and suggestions so that we can do better jobs and score greater achievements in all aspects of our work during the Seventh 5-Year Plan period.

2. The Basic Tasks for the Seventh 5-Year Plan Period

The Seventh 5-Year Plan covers a crucial period in which China's strategy of economic development and its economic structure are changing from an old model to a new. In line with the guidelines of the proposal of the CPC Central Committee for the Seventh 5-Year Plan and the Seventh 5-Year Plan adopted by the Fourth Session of the Sixth NPC, we must continue to act in accordance with the general requirement of building socialism with Chinese characteristics and with the basic principle of invigorating our domestic economy and opening to the outside world. During the Seventh 5-Year Plan period, we must follow the orientation guidelines of the CPC Central Committee's four instructions on the construction of the capital and the 10 written instructions; must firmly, unswervingly, prudently, and soundly carry out reform; must vigorously promote the building of socialist spiritual and material civilizations; must further exploit Beijing's function as the political and cultural center of the country; and must better serve the central authorities, the international and domestic exchange, and the people of Beijing Municipality.

The basic tasks for Beijing's Seventh 5-Year Plan period are as follows:

In line with the arrangements of the central authorities, we should vigorously, stably, and penetratingly carry out reforms in various spheres, with a focus on the urban economic structural reform, should change the old systems, and should gradually establish new systems in order to instill vitality to the work in all fields.

In line with the demands of the overall planning for urban construction, we should basically complete the detailed planning for various districts and counties and strive to raise the level of the urban comprehensive management in order to effect a still greater change in the outlook of the urban and rural areas.

We should persistently place scientific and technological progress and intellectual development in an important strategic position in order to log still rapid progress in educational, scientific, cultural, public health, and sports undertakings.

We should continue to readjust the production setup to make economic construction develop toward an orientation more compatible with the characteristics of the capital. By 1990, the gross value of domestic production, the output value of industry and agriculture, and the national income should all be 100 percent or more over those of 1980, averaging 6 percent a year. The people's living standards should be further improved on the basis of developed production.

We should continue to strengthen politics, ideology, democracy, and the legal system to enable Beijing's social order, public security, social conduct, and morality to make bigger strides toward the goal of building a first-rate city.

In order to fulfill the above-mentioned tasks, we should focus on the work in the following 12 aspects during the Seventh 5-Year Plan period.

1. We should continue to do a good job in planning to further bring urban and rural construction within the orbit of development according to plan.

Planning leads construction, which has a bearing on the overall situation in urban and rural development. During the Seventh 5-Year Plan period, with the guidance of the overall plan, we should continue to formulate and improve the district plans, detailed plans, and specialized plans for the suburban areas, and the plans for various county seats and a number of important townships and towns so as to form a fairly coordinated planning system for urban and rural development. We should work out good plans for every piece of land in key tourist and scenic areas in the city proper, various county seats, and outer suburbs so that it can be rationally arranged and used. We should formulate and perfect the various rules and regulations and scientific work procedures for the management of plans, and replenish the organs and contingents of the planning work. We should encourage the masses of cadres and people to restudy the overall plan, strengthen publicity of the plan with various measures, strive to submit our various undertakings to the requirements of the plan, and act strictly according to the plan.

Here, I would lay particular stress on the issue of protecting Beijing's style and features as an ancient cultural capital. This is an important issue concerning the construction of the capital, about which the people throughout the country and foreign friends are deeply concerned. The style and features of the ancient capital have been greatly damaged due to numerous reasons. We should adopt resolute measures to stop such a situation. First, we should step up the formulation of plans for the style and features of the capital, set up different requirements in different areas, and issue documents on rules and regulations for various quarters to abide by. The construction of the old city proper, in particular the areas around the Forbidden City, and the east and west Changan Road, should all the more reflect Beijing's unique style and features as an ancient cultural capital. Second, we should resolutely implement the "decision on the plan for controlling the height of buildings in downtown Beijing" issued by the committee for the planning and construction of the capital. Urban planning departments and departments for examining architecture should conscientiously check and strictly control the height of new buildings. Third, we should resolutely forbid the practice of "inserting a building in every space available." Urban innovations should be carried out

according to plan. We should have explicit orders to ban the practice of constructing new buildings among groups of ancient houses not only because it fails to coordinate with urban construction but also because it seriously damages the style and features of the ancient capital. Fourth, we should adopt effective measures to protect cultural relics and historical sites. The great amount of cultural relics and historical sites represent shining pearls inlaid in the vast land of Beijing, and also important components of the style and features of the ancient capital. We should strictly protect them, forbid any damage to them, and gradually restore them. Fifth, we should advocate the unity of the spirit of the era, national traditions, and local characteristics in the planning, designing, and the style of architectural art. We should encourage urban planning and designing personnel to emancipate their minds, make conscientious explorations and brave creations in line with the requirement of an ancient cultural capital and modern city in order to make new houses, roads, squares, gardens and sculptures not only practical, economical and beautiful but also add radiance to and in harmony with ancient buildings. Fine designs and creations should be awarded.

During the implementation period of the Seventh 5-Year Plan, efforts should be also made to formulate an overall strategic plan for long-term development in the municipality and to formulate specific plans for economic, social, and scientific and technological development. Strategic studies should be closely combined with the current practice of construction in order to reduce blindness in construction. At present efforts should be made to concentrate on studying the development and utilization of water sources and bringing under control urban population growth.

In mapping out urban plans and carrying out construction, it is imperative to treasure the land dearly and to save housing land as much as possible. Beijing has limited land for utilization, and per-capita farmland in suburban districts only reaches 1.64 mu. The land utilization downtown is all the more strained. It is imperative to strictly enforce the existing laws, regulations, and rules and to improve them as soon as possible in order to enable the utilization of urban land to become more reasonable. Efforts should be made to resolutely prevent occupying or utilizing land arbitrarily and from land waste. Nearing suburbs should maintain enough land for vegetable production and combine their green belt areas with isolated ones. Remote suburbs should also adequately develop vegetable land in a planned manner and ensure the enough acreage of grain farmland. The township and town-run enterprises should strictly follow the provisions and measures of urban planning management and rural housing management in order to actually protect farmland. Attention should be paid to practicing economy in occupying land for urban construction and resolutely blocking the malpractices cropping up in land occupation.

2. Efforts should be made to strictly bring under control the scale of investment in fixed assets, and to readjust the investment structure in order to ensure the construction of key projects and continuously regard the construction of key projects and continuously regard the construction of basic facilities as a prime task in urban construction.

During the implementation period of the Seventh 5-Year Plan, municipal arrangements for investment in fixed assets will reach 40 billion yuan, and the

yearly average sum will be 8 billion yuan, basically maintaining the standard set by the municipality in 1985. The building acreage during the 5-year period will reach 35 million square meters. Local investment in fixed assets will be 21 billion yuan. Of this investment, that for capital construction will be 12.5 billion yuan, a 67.6 percent increase over the figure scored in the implementation period of the Sixth 5-Year Plan period. All these targets can be set in line with state financial resources, material sources, and construction forces. At present many new items arranged by various circles and the failure to curtail the scale of investment in capital construction will certainly further intensify the contradiction between urban construction and building basic facilities and the strained situation in urban land utilization and raw material supply, will lead to the unharmonious development among various undertakings in the municipality, and will enable the municipality to fall in the situation of "running in low efficiency." Therefore, some projects should be curtailed and their set building date should be put off. All this should be supported and well understood by various circles. Efforts should be made to increase the results of investment, to concentrate on ensuring the construction of the state and municipal key projects within the given date, and to build the 27 integrated projects of facilities for the Asian Games.

Basic facilities are fundamental conditions on which urban areas can exist or achieve development. In his report on the Seventh 5-Year Plan, Premier Zhao Ziyang pointed out: "At present, the scale of investment is one of the large side and the structure of investment is also unreasonable. The major indicator in this regard is that the proportion of investment in basic facilities and industries of energy resources, transportation, telecommunications, and raw materials is still on the low side." He also stressed that "the emphasis of urban construction should be placed on the foundation of serving production and people's livelihood and other construction can be carried out only under the condition of surplus forces. The issue pointed out by Premier Zhao is very important and represents the summed-up experience and lessons gained in long neglecting the construction of basic facilities in carrying out urban construction. We must resolutely curtail the scale of investment in fixed assets; actively readjust the structure of investment; and must give priority to making arrangements for building the public utilities of water supply, water drainage, power supply, gas supply, heating supply, roads and highways, transportation, telecommunications, and postal affairs. During the implementation period of the Seventh 5-Year Plan investment in building basic facilities will show around a 100-percent increase over the figure scored in the Sixth 5-Year Plan period. By the end of 1990 the municipality will show a 500,000-ton increase in daily water supply and will quadruple the 1985 acreage of areas with heating supply by enforcing the system of combining its pipeline network with its specific area supplies. Efforts should be made to basically have municipal residents use cooking gas, to improve the Sanhuan Road, to build the Waierhuan Road, to build the outlet road in the southern suburbs, and to enable municipal telephone facilities to reach 500,000 lines in order to basically deal with the contradiction of slow telephone service.

Beijing Municipality is seriously short of water supplies. Owing to years of drought, the water level has dropped sharply and the situation is quite serious. This is an important factor restricting development in the capital.

Opening up new water resources will require lots of money; therefore, it is difficult for us to realize such an aim under the situation in which the current state financial resources are inadequate. Even though we have funds, it would be difficult to solve the water problems within a short period of time. Therefore, our way out is to conserve water, and this is a basic principle which we must adhere to for a long time. We should exert further efforts to formulate measures for saving and managing water in the urban and rural areas, pay attention to grasping water-saving work in the agricultural sector and in large water-consuming enterprises, conscientiously implement the method of setting water quotas for organs, enterprises, and establishments and increasing the prices for the above-quota consumption of water, readjust the water management system, change the situation of multiple leaderships and place water management under "the leadership of a specific department." We should vigorously develop new water saving technology and do a good job in recycling water for reuse. We should extensively publicize the importance of saving water among the masses, consider saving water as an important task in the course of building the spiritual civilization, and enable all the people to foster the virtue of conserving water.

3. We should comprehensively treat urban environmental problems, make strides forward in making the municipality clean and beautiful, and in ensuring a perfect ecological situation and civilization.

Keeping the environment of a city clean and beautiful and ensuring a perfect ecological situation is not only an indication of a civilized city but is also of great significance in improving the livelihood of the people, protecting their health, and exerting a favorable influence on their thinking and sentiments. We should continue to adhere to the principle of "building and managing the city through the efforts of the people," and make the formulation, implementation, and development of the environmental construction plan keep pace with those of economic, urban and rural construction in order to achieve better economic results and social and environmental benefits.

During the Seventh 5-Year Plan period we should plant trees surrounding the districts and the outlying communities in order to form nine tree-shaded residential areas interspersed with lawns. In the urban areas, we should build six arrow-shaped [Xie Xing 2801 1748] tree-shaded corridors, build a group of garden-like units, and strive to raise the urban tree coverage from the present 22.1 percent to 28 percent by 1990. While vigorously planting trees and grass in the suburban areas, we should complete planting trees along five trunk roads and four rivers, give priority to solving the problems in the areas seriously plagued by wind and sand, and basically fulfill the task of planting trees in 13 tourist areas. In making the flatlands green, we should develop from building forest belts into afforesting large tracts of land. In the mountainous areas, we should vigorously plant timber forests, water and soil conservation forests, and firewood and charcoal forests and do a good job in sealing off the mountainous areas for reforestation. We plan to reforest 1.4 million mu of mountainous areas and afforest 1.5 million mu in 5 years. Meanwhile, we should conscientiously implement the unified plan of the central authorities on planting trees in "two cities and three districts"

including Beijing, Tianjin, Zhangjiakou, Chengde, and Tangshan, and the directives calling for vigorously planting trees and grass and improving the surrounding areas of the capital, and cooperate with the neighboring areas in afforestation.

We should make continued efforts to tackle the water, air, and noise pollution problems and further improve the urban and rural environment. Smoke and dust pollution are the main sources of air pollution in the city proper, which will be more serious during winter when the people try to use heating. Under the situation in which the fuel structure cannot be changed within a short period of time, we should adopt various measures to actively treat the pollution problem and to minimize pollution.

During the Seventh 5-Year Plan period, the air environment of the urban areas should attain the third-level standard of the state, drinking water should attain the second-level state standard, and noise pollution should be controlled within the state standards. We should build seven garbage storage yards and raise the rate of handling garbage in a pollution-free manner. We should try to dispose of garbage from the residential areas in nearby garbage dumps and basically solve the industrial pollution in the Erhuan Road and the industrial wastes in the Sanhuan Road that disturb the livelihood of the people. It is also necessary to comprehensively utilize industrial residuals and control the discharge volume so as to change useless things into useful ones.

4. We should accelerate the training of competent persons and the pace of scientific and technological development, and should better exploit the role of a cultural center.

The four instructions of the central authorities have clearly pointed out that we should build Beijing into a first-class city in which science, culture and technology are most developed and the educational level is the highest in the country. This is not only our long-term fighting goal but also one of the priorities of our current work. During the Seventh 5-Year Plan period, we should raise Beijing's educational, scientific, technological, cultural, public health, and sports undertakings to a new level, with the focus on strengthening the training of competent persons and scientific and technological progress.

Comrade Deng Xiaoping has pointed out: "Education is the most fundamental undertaking of a nation, and we should depend on knowledge and competent persons to develop the four modernizations." During the Seventh 5-Year Plan period we should continue to implement the CPC Central Committee's decision on educational structural reform, should adhere to the principle of "gearing our educational undertakings to modernization, the world, and the future" and the principle of comprehensively developing moral, intellectual, physical, and aesthetic education, and should adopt various forms to gear the intellectual development and training of competent persons to the demands of the Beijing's modernization drive. We should actually attend to the popularization of 9-year compulsory education and continue to carry out the reform of secondary educational structure. The focus of higher education should be placed on the training of teachers and competent persons for the economic, legal, medical and nursing fields. We should strive to develop adult education and adopt

feasible measures to strengthen preschool education and special education for deaf, mute, blind, and retarded children. We should gradually establish and improve the system in which the educational, scientific, and technological personnel can continue their education. By 1990 we should strive to increase the number of the students attending higher learning institutions throughout the municipality to 170,000, up 40 percent over 1985. From 1986 to 1990, various kinds of secondary professional schools and higher learning institutions throughout the municipality should train 237,000 competent persons of various kinds, of which 45,000 students should be trained by ordinary higher learning institutions, 50,000 by secondary professional schools, and 142,000 by adult educational schools.

To attain the above-mentioned goal, we should continue to focus our work on accelerating the building of teachers' ranks, improving teaching conditions, and improving educational quality. From 1986 to 1993 student enrollment in primary and middle schools is expected to increase by 43,000 annually. To this end, we should make advance preparations and strive to solve the possible serious shortage of schoolhouses and teachers. We should vigorously run various teachers training schools well, adopt diversified forms to open up various kinds of channels, train and cultivate teachers, and accelerate the replenishment and improvement of the teachers' ranks. We should continue to encourage leading organs at all levels, enterprises, and institutions to have contacts with schools, and should encourage all circles in society to support and help in educational undertakings. During the Seventh 5-Year Plan period, the local financial departments will make an investment of 860 million yuan in educational undertakings, a 1.4-fold increase over the Sixth 5-Year Plan period, and higher than the increase in financial revenues. We should continue to encourage various districts, counties, and townships to increase their allocations for educational undertakings of their subordinate localities. Recently, the State Council promulgated the "Provisional Regulations on Collection of Additional Education Charges," which are the important measure for accelerating the local educational undertakings and expanding the source of the funds for education, and thus should be implemented firmly. After collecting the additional education charges, all educational departments and schools are forbidden to collect funds from among the students' parents and units on any excuse, or to collect funds in a disguised manner.

We should continually and penetratingly carry out scientific and technological structural reform, should further implement the principle of making science and technology serve economic construction, urban construction, and urban management, should strive to develop high-quality, precise, and sophisticated technologies, and should provide many scientific and technological achievements with good economic benefit for the economic development and construction of the capital. We should accelerate the digestion and application of imported advanced foreign technologies and the work of domesticization. We should select and popularize a number of burgeoning technologies and step up the construction of burgeoning industrial bases. We should actively organize and implement our municipality's "spark plan." In the coming 5 years we should popularize 10 coordinated technologies, foster 100 model township enterprises, organize and send 1,000 scientific and technical personnel to the rural areas, train 10,000 rural technical backbone personnel, and attain "tens,

hundreds, thousands and tens of thousands" of fighting goals to revitalize the rural economy. We should further develop Beijing's advantage in science and technology and talented people, conscientiously implement the policy on intellectuals, and encourage scientific and technical personnel to make inventions and creation. We should earnestly carry out the patent law and protect invention rights. We will make arrangements for scientific and technological funds in line with the principle of making the growth of scientific and technological funds greater than that of revenues from regular sources.

5. We should continue to greatly develop the tertiary industry in service of production and the people's lives, and enhance the city's ability for comprehensive service.

The development of the tertiary industry should be accelerated during the Seventh 5-Year Plan period. By 1990, the output value of the tertiary industry in the gross value of domestic production of the municipality will be raised to more than 38 percent, and the employees engaged in the tertiary industry in the total employees in various fields will be increased to more than 40 percent. We should continue to pool the efforts of the state, the collective, and the individual, with those of the collective and the individual as the emphasis; grasp urban and rural development simultaneously, and conduct cooperation with all sides in and outside the municipality; carry out diverse undertakings while emphasizing the original local trade; enable all departments to exert concerted efforts with districts and counties, and adopt effective policies, principles and measures, such as enabling anyone who operates and manages to be benefited. The priorities of development should still be commerce and the catering, service, and repair trades. In 5 years 38,000 shops engaged in such trades should be set up, and the number of shops for per 10,000 persons should be increased from the present 85.6 to 118. At the same time, we should build a number of commercial centers at the municipal and district levels so that the inconveniences in the people's lives can be eased to a fairly great extent.

Policies should be relaxed continuously, and preferential treatment given to the catering, service and repair trades which bring conveniences to the people, and which earn small profits. We should welcome other provinces, municipalities and autonomous regions to open restaurants of different grades and tastes in our municipality. Dining rooms, bath houses, auditoriums and barber shops belonging to various institutions, organizations and units should be opened to the public if conditions permit. We should also actively develop monetary, information, consulting and other new trades in order to meet the needs in opening to the outside world and enlivening the domestic economy.

6. We should continue to do a good job in the technical transformation of industrial enterprises and vigorously develop industries commensurate with the characteristics of the capital.

Beijing's industries have already established a considerable scale and foundation, and a system comprising fairly complete trades and departments has been formed. For many years they have played an important role in satisfying the people's daily needs, accumulating funds, earning foreign exchange, and supporting various undertakings. During the Seventh 5-Year Plan period we should

continue to readjust the industrial structure to give priority of development to food, electronic, household electric appliance, garment, building material, printing and auto industries, as well as high-grade, precision and advanced, technology, and knowledge-intensive industries which conserve energy, reduce consumption, and create little pollution. We should renovate our traditional industries and the existing enterprises in a planned and step-by-step manner with new technologies, methods and equipment and rely on technological progress to achieve development chiefly through intensive means. Industrial enterprises with great energy consumption and pollution should be renovated within a definite time. Enterprises whose production is not suitable for the outskirts areas should be moved out of the city proper group after group at different times according to an overall plan, and be improved so that they will not continue to create pollution in a new area or spread their pollution. In the meantime, we should pay close attention to the construction of a number of projects which have great capacity for further development.

We should continue to take the "white orchid road" and consolidate, upgrade, and develop township enterprises. Successful development in township enterprises is very significant to the building of strong nonstaple food bases, the development of rural cultural, educational and other undertakings, the realization of the rational arrangements for the economy of the capital, the narrowing of the difference between the urban and the rural areas, and coordinated urban and rural development. During the Seventh 5-Year Plan period the development of township industries should be based on the principle of restructuring, consolidation and improvement, and more efforts should be put on strengthening technical transformation, raising the managerial level, and improving economic results. By 1990, their output value should reach 7 billion yuan, 67 percent more than in 1985, and should account for 15.6 percent of the total industrial output value of the municipality.

Aiming at achieving better economic results, all industrial enterprises should enhance their sense of quality and efficiency, foster the idea of making more contributions to the prosperity of the country and the happiness of the people, further strengthen enterprise management, and strive to upgrade product quality, lower costs, and raise labor productivity. By 1990, the total industrial output value should reach 44.8 billion yuan (including village-run industries), averaging an annual growth rate of 6.3 percent. The production of major products should be organized in line with world standards, and their quality and properties should be improved substantially. The technology and equipment for a number of major production lines should be brought up to a level equivalent to that of advanced countries in the 1980's, and the per-capita productivity of industrial enterprises should be 30 percent higher than in 1985.

7. We should make the rural commodity economy flourish and strive to build more stable nonstaple food bases which will develop toward modernization.

With abundant natural, economic and tourist resources, the suburban areas of Beijing can not only provide to the urban people and domestic and foreign tourists with farm and sideline products of many varieties and good quality but also provide a vast world for dispersing the urban population, readjusting the industrial structure, and developing tourism. During the Seventh 5-Year

Plan period we should continue the principle of "serving the capital, making the peasants prosper, and building a socialist, modern new countryside," continuously improve the various forms of the responsibility systems and regional cooperative economic organizations, expand lateral economic cooperation, and take a road of integrating urban and rural areas, combining agriculture, industry and commerce, and achieving a coordinated development to make the rural economy advance greatly toward specialization, commercialization and modernization. During the period in question, the average annual growth rate of agricultural output value (excluding village-run industries) should be 4 percent. We should continue the principle of "never slackening grain production while actively developing diverse undertakings," strictly control and reduce grain-growing areas, and raise per-unit yields. We should actively develop the production of vegetables, milk, eggs, meat, poultry, fish and fruits and build a number of nonstaple food bases equipped with modern technologies. We should pay attention to the production of high-grade nonstaple foods and flowers in order to suit the needs in the people's improved living standards and the development of tourism. We should gradually establish a coordinated and serialized production and management system covering the supply of fine strains, fertilizer and animal feed, crop farming, aquiculture, purchasing, processing, storage and marketing, and base the rural commodity production on modern technological and managerial means. We should persistently "support agriculture with rural industries." The municipal as well as district and county finance departments should raise their investment in agriculture and increase inputs into agriculture. We should do a good job in supporting the 37 poverty-stricken villages so that they can change their faces as soon as possible, and, during the Seventh 5-Year Plan period, increase their per-capita income from labor to a level equivalent to that of a mediocre suburban area in 1985.

8. Efforts should be made to actively develop economic and trade relations with foreign countries and to increase the capability of earning foreign exchange by exports.

We should enforce the policy opening to the outside, make use of more foreign funds and import much advanced technology, and must vigorously increase the volume of exports in order to upgrade the capability for earning foreign exchange. By the end of 1990 the municipality plans to earn \$900 million in foreign exchange. The key to increasing the volume of exports is enabling export commodities to meet the steady changes in international markets. To this end, first, we should further readjust the structure of export commodities, such as farm and sideline products, garments, foodstuffs, and handicraft and fine-art products, should vigorously increase the proportion of turning out machinery and electric equipment and electronic products in order to gradually change the export commodities chiefly including those that have been roughly processed into ones chiefly including those that have been meticulously processed. Second, we should upgrade the quality of export commodities in a down-to-earth manner, increase the variety of products, and should do a good job in improving goods packing in order to reinforce the competitive power of commodities in the international markets. Third, we should establish a production system with the coordination of the industrial, agricultural, and trade departments and build a large number of plants and bases in charge of producing specialized export commodities in order to

conduct production in a systematic way. Fourth, on the basis of consolidating and developing the existing markets, we should vigorously carry out propaganda work and sale operations in order to further open new international markets. Fifth, we should continuously implement the policy on export rewards. Efforts should be made to establish funds for export rewards and to make use of the economic lever of prices, credits, and tax revenues in encouraging enterprises to earn foreign exchange by exports. The foreign trade departments should give the necessary support and take good care of the plants turning out export commodities and should do a good job in rendering services to them. Efforts should be made to make preferential arrangements in the fields of raw materials, fuel, electric power, and transportation for the plants turning out major export commodities. Except for few commodities closely related to the national economy and the people's livelihood, we should make preferential arrangements for export commodities when a contradiction arises between domestic and foreign sales. Sixth, we should enhance our unified leadership over foreign trades and exports. The industrial, agricultural, and trade departments should regard the procurement plans of export commodities as mandatory ones and should strictly implement the plans. Seventh, we should continuously do a good job in running the enterprises abroad and vigorously sign contracts on building projects, labor, and technological exports.

Efforts should be made to actively make use of outside funds and to do a good job in importing foreign advanced technology. During the Seventh 5-Year Plan period the municipality plans to use \$920 million in foreign capital. Efforts should be made to actively encourage enterprises to effectively use foreign capital and to introduce advanced technology through various ways and means, such as processing of products with materials provided from abroad, compensatory trade, technological cooperation, and joint-venture business. We will also welcome foreign plants and businessmen to open enterprises with monopoly capital.

9. Efforts should be made to develop the abundant tourist resources and to vigorously carry out tourism.

Beijing is a famous city with historical interest in the world and is richly endowed with the conditions for tourism. Regarding tourism as a new favorable industry with high economic results is not only in conformity with the character and characteristics of the capital city, but also is an important source for earning foreign exchange. In 1990 the municipality will attract around 2 million tourists and will quadruple the 1985 figure. The number of domestic tourists will also increase. To adapt the municipality to the trends of development, efforts should be made to continuously reinforce and improve the existing tourist districts (centers) and to increase some new tourist areas (centers), while further conducting reforms in the managerial system of the tourist business. We will try to open the air tourist business in some areas. Efforts should be made to encourage various social circles to open new tourist areas and centers in the suburbs. We will accelerate the pace of building and improving tourist hotels in order to add 40,000 beds among the hotels receiving foreign tourists and will pay attention to reasonably equipping the hotels in line with their classes. Efforts should be made to vigorously develop tourist commodities enjoying brisk sales, to do a good job in

dealing with the problems concerning transportation and post and telecommunications, and to provide convenient conditions for tourists in food and boarding service, commodity purchases, departures and arrivals, and of personal messages. We will enhance the training of tourist personnel in order to upgrade the quality of services. Efforts should be made to readjust policy in order to develop tourism with the money earned from it and to enable tourism to have the vitality of self development.

10. We should strictly control the scope of population and formulate various policies for population control.

Population is the main factor determining the scope of urban development. According to anticipations, the total population of the municipality will continue to grow for a considerably long period in the future. Therefore, during the Seventh 5-Year Plan period we should strive to control the natural population growth rate within 8 per thousand, and basically balance the number of persons moving in and out of the municipality. In line with the requirements of the overall urban construction plan of the capital and to cope with the construction of satellite cities and towns and the readjustment of the industrial setups, we should disperse the population in the downtown areas in a planned manner, encourage competent personnel to work in the suburban areas, outlying areas, and underdeveloped areas, strictly implement the population management system, and strengthen management over the flowing population. By 1990 we should control the permanent population to within 10.2 million.

11. We should increase production and practice economy, extensively open up financial resources, and actively collect funds for the construction of the capital.

We should ensure the smooth implementation of the overall plan for Beijing's urban construction. To fulfill all tasks defined in the Seventh 5-Year Plan, we should pay attention to the ways of making, collecting and utilizing money, actively collect and rationally arrange funds for various projects, and try all possible means to increase production and raise economic results. In line with the spirit of the ten instructions given by the central authorities, we should formulate policies and measures for collecting funds and enable some urban public utilities and welfare undertakings to gradually become completely or partially self-supporting in operation and maintenance and with a certain ability for development. We should adopt various forms and methods to attract more foreign capital, and welcome some fraternal provinces, cities and autonomous regions to invest in Beijing. In utilizing funds, we should adhere to the principle of allocating funds in projects according to priorities and weighing our ability, strictly practice economy, oppose wastes, and carry out more projects with a small amount of funds. We should also change the wrong ideas of "corruption is a crime and wastefulness is nothing," strictly deal with extravagance, and control administrative expenditures. Continued efforts should be made to implement the financial contract responsibility system in districts and counties, universally establish township financial departments, and boost the enthusiasm of districts, counties, and townships in increasing revenues and reducing expenditures.

12. We should further improve the material and cultural lives of the people on the basis of developing production and raising economic results.

In line with the principle of giving simultaneous consideration to production and living consumption, we should appropriately raise the scope of the people's living standards. The growth in the living consumption should not exceed the rate of development in production, and the growth of wages of workers should not exceed the growth of labor productivity. During the Seventh 5-Year Plan period the actual average annual per-capita increase in the wages of staff and workers in cities and towns should be 4 percent, and the average annual per-capita net increase in the income of peasants should be 6 percent. The housing conditions of residents in cities and towns should be further improved. There will be more and more peasant families living in new houses. Continued efforts should be made to solve the housing problems of some households.

While unceasingly improving the level of material life, we should strive to make the spiritual lives of the urban and rural people become more rich and colorful. During the Seventh 5-Year Plan period we should substantially increase the number of places and facilities for the study, recreation, and sports activities of the people. We plan to invest 250 million yuan in various cultural undertakings, including press, publication, radio and television, drama, dance, music, cultural relics, museums, archives and libraries, an increase of 150 percent over the Sixth 5-Year Plan period. Along with the convening of the Asian Games, sports facilities will be greatly increased. We should take advantage of this opportunity to further promote the development of mass sports activities in order to raise the sports level. We should further reform the public health system and the systems of medical care covered by public funds or labor insurance, adopt various measures to run hospitals, and continue to improve medical care and health conditions. In 5 years 10 key hospitals should be expanded or renovated, 21 district, county and neighborhood hospitals should be built, and 8,000 sick beds should be set up so that difficulties in finding medical care can be further eased. We should attach particular importance to rural medical care and public health work, increase rural medical facilities, replenish medical contingents, and intensify the training of medical personnel. In the meantime, we should gradually establish social insurance systems of various types with different services and rates, and achieve a fairly great progress in social security, social welfare, and social relief work.

3. Carry Out Reform Actively, Steadily, and Thoroughly

Carrying out the economic structural reform and other reforms continuously and thoroughly is the central task for the Seventh 5-Year Plan period, and also a key to the fulfillment of the plan. The purpose of reform is to bring into better balance the relations between the various sectors, fully arouse the enthusiasm and creativity of enterprises and all laborers, and, in 5 years or a little longer period, basically lay a solid foundation for a socialist economic structure with Chinese characteristics and full of vigor and vitality. The significance of reform is not confined to immediate interests. More importantly, reform plays a decisive role in the economic revitalization and flourish in the 1990's, and in further implementing the four directives and

the 10-point written reply of the central authorities to build Beijing into a political and cultural center of our country with highly developed socialist material and spiritual civilizations. Government organs at all levels and all enterprises and establishment should persistently place reform above everything else, have the courage to pioneer and explore, have the ability to sum up experiences, and enable reform and development to correspond with and promote each other, and progress simultaneously and coordinatedly.

At the fourth session of the Sixth NPC, Premier Zhao Ziyang made a brilliant exposition on economic structural reform for the Seventh 5-Year Plan period, and put forward the three major contents of the reform. They are in full conformity with Beijing's actual conditions, and we should carry them out resolutely.

1. We should further invigorate enterprises, in particular large and medium-sized state-owned ones, and enable them to truly become relatively independent economic entities, and socialist commodity producers and distributors with autonomy in operation and responsibility for their own losses and profits.

The prerequisite for invigorating enterprises and enhancing their capacity to accumulate funds for development and transformation is to further consolidate and perfect the various forms of the economic responsibility system commensurate with the principle of distribution according to work. Practice has repeatedly proved that any enterprises that have a fairly perfect responsibility system and persistently distribute according to work and combine responsibility, rights, and interests will acquire vigor and vitality, expand their production every day, and continuously improve their economic results. On the contrary, if enterprises do not institute the responsibility system and the principle of distribution according to work, adhere to the practice of "eating from the common big pot," and do not combine responsibility, rights and interests, the enthusiasm of their cadres, and staff and workers will be seriously dampened, their work will stagnate, their production will decline, and their economic results will be poor. During the Seventh 5-Year Plan period we should continue to regard the economic responsibility system as important fundamental work for invigorating enterprises and enforce it resolutely. Failure to institute the responsibility system will affect not only production but also the smooth progress of reforms in other fields.

We should vigorously develop lateral economic cooperation, for this is an objective demand for vitalizing the economy and is the inexorable trend of socialized large-scale production. It is of vital importance in promoting rational enterprise setups and stimulating the development of resources and the rational utilization of funds, technology and manpower, the circulation of commodities, and the formation of a socialist unified market. In the past few years Beijing Municipality has scored certain achievements in developing lateral economic cooperation. So far, we have established 279 industrial associations of all descriptions, 195 commercial and supply and marketing associations, and 508 educational, scientific research and production associations which have provided initial experiences for further developing lateral economic associations. However, we should also realize that our strides have not been big and rapid enough in this regard.

During the Seventh 5-Year Plan period we should actively implement the State Council "regulations on further promoting lateral economic cooperation." In line with the characteristics of the capital, and to cope with its needs, we should exert strenuous efforts to develop various forms of multilayered lateral economic cooperation among trades of different ownership and emphasize lateral cooperation among enterprises. On the basis of voluntary participation, these enterprises should be jointly developed in line with the principle of "promoting strong points, avoiding shortcomings, carrying out various forms of activities and seeking mutual benefits." In terms of content, the cooperation may be single-item specialized cooperation or comprehensive cooperation in various key production. We should particularly promote cooperation among large and medium-sized enterprises and attach prime importance to producing brand-name quality products, and actively develop cooperation among the processing industrial enterprises, raw materials production enterprises, civil products enterprises, military industrial enterprises, production enterprises, and scientific research and design units (including colleges and universities), as well as agricultural, industrial, commercial and foreign trade enterprises, in order to gradually form a group of enterprise associations. In terms of time, we may develop medium or short-term cooperation or long-term ones. In terms of scope, cooperation may be developed among enterprises of different localities, trades, departments, and ownership. In terms of forms, the associations may be closely, semi-closely, or loosely organized. We should safeguard the decisionmaking power of enterprises in developing lateral economic cooperation. All competent departments should not proceed with the interests of their own departments and interfere with or prevent enterprises from exercising their power.

Promoting lateral economic cooperation will be contradictory to the irrational parts of the old systems, and of the existing planning, financial, banking, material supply and circulation systems. Departments dealing with comprehensive economic and operational work should take the initiative in improving their own work in order to cope with the needs of developing lateral economic cooperation. Meanwhile, we should strengthen guidance, supervision, and examination in lateral economic cooperation. In the course of unceasingly discovering and solving contradictions, we should promote the development of lateral economic cooperation and the socialist commodity economy, and deepen the economic structural reform.

2. We should further develop the socialist commodity markets and gradually improve the market systems.

The socialist market system is an organic combination of the consumer goods markets, the capital goods markets, the fund markets, the technological markets, and the rational flow of labor forces. Despite the annual expansion of the consumer goods markets in Beijing, the ever increasing needs of the people still cannot be satisfied. The technological markets are still in a state of poor development of low efficiency. The superiority of the Beijing technological markets has not yet been fully displayed. The capital goods markets are still in a budding stage and the fund markets have not yet been set up. The problem concerning the rational flow of labor forces still needs further exploration. Such situations are far from meeting the needs of developing the socialist commodity economy. During the Seventh 5-Year Plan period we

should gradually reduce the quantity and variety of products that are subjected to the state unified distribution and allocation, further expand the markets for consumer goods, capital goods and technologies, develop and establish the fund markets in a step-to-step manner, and promote a rational flow of labor forces.

The key to establishing or improving the socialist market system lies in conducting reforms in price systems and in the system of price management. In conducting reforms in commodity prices in 1985, the most important content was to readjust the prices of farm and sideline products, and particularly to take a quite large step in readjusting vegetable prices. Although some faults cropped up in the early stage of vegetable price liberation, generally speaking, the development made in this regard was more smooth and the effect scored in this regard was more obvious. All of these have brought into play the enthusiasm of both producers and businessmen, enriched the markets, and have made things convenient for the people. However, market prices still have many unstable factors, and there are still a great deal of follow-up work to be done in conducting reforms in prices. In particular, we should achieve basic stability in the prices of vegetables that concern thousands upon thousands households and must provide ample supply for the markets. This requires us to do a good job in continuously conducting reforms in the systems of vegetable production and sales, and of price management. Efforts should be made to consolidate the existing vegetable bases; to develop new bases; to continuously enforce the principle of "regarding the near suburbs as the main developing areas, regarding remote suburbs as supplementary areas, and having outside cities play a readjusting role in the vegetable markets;" to further implement the encouragement policies of vegetable production in order to accelerate the pace of building wholesale markets; to open the city gates for vegetable business activities in order to develop direct vegetable transaction; to provide guidance and management over vegetable markets.

The prices set forth in the state plan for the means of production, such as energy resources and raw materials, have long been on the low side. During the Seventh 5-Year Plan period, in line with state unified arrangements, we should conduct readjustment step by step and in a planned manner in order to gradually narrow the gap between the prices set forth in the state plan and market prices.

Conducting reforms in price systems is a big event closely connected with the situation as a whole and with the immediate interest of the people. We must follow the central authorities' arrangements, uphold the principle of making steady progress and combining price liberation with price readjustment, take into full consideration the enduring capability of the state, enterprises, and the masses, and must maintain basic stability in the general level of prices.

3. The state will gradually change the main direct management over enterprises into indirect one and establish the new socialist system of macroeconomic management.

In bringing about a change in the function of government management over enterprises, it is imperative to do a good job in conducting reforms in the

systems of enterprises themselves, to separate the duty and function of political work from the enterprise business operations, and to simplify the administration work and delegate much power. Although we gained some experiences in trying to do something in this regard in the past, judging from the situation as a whole, the work done by the functional departments under the municipal government is still far from meeting the demand of conducting reforms in the economic systems. Many enterprises still cannot obtain the self-determination right that deserves to be obtained by them. The excess interference undertaken by the administrative departments in the production and business activities of enterprises still exists. Thus, the enterprises have encountered many obstacles and difficulties in their work, which were caused by the interference mentioned above as well as the malpractices of creating barriers between different departments and regions, having overlapping administrative organizations, having more hands than needed, and having disputes over trifles.

During the Seventh 5-Year Plan period the leading organs at all levels should follow the principle of simplifying administrative work and organizations, unifying the leadership, and increasing work efficiency in conducting reforms in organizational systems, cutting or transferring the number of organs' personnel, simplifying the administrative structure, and of improving workstyle in order to shift their work in a down-to-earth manner to the style of doing a good job in making overall plans, formulating and grasping policies, organizing various forces to achieve harmony, providing services, and in applying the economic readjusting measures to enhance inspection and supervision. The economic administrative departments under the municipal government should do a good job in carrying out the following four tasks: 1) A good job should be done in formulating the long- and middle-term development plans for the industries and trades themselves in order to promote the establishment of lateral economic associations among the enterprises; 2) efforts should be made to urge enterprises to conduct technical renovations and to make technical progress, and to upgrade the managerial standards of enterprises and increase their economic returns by holding regular training classes for cadres and assessing the work done by cadres; 3) a good job should be done in conducting control over the structure and applying various measures in a selected manner and economic levers to regulate production arrangements and product structure in order to enable them to be more reasonable; and 4) efforts should be made to set forth standards for various economic bodies and to enhance the self-discipline of enterprises by enacting economic legislation.

Some departments handling planning, finance, taxes, industrial and commercial management, banks, materials, pricing, auditing, statistics, labor, metrology, and personnel affairs have played a very important role in vitalizing the economy by developing the commodity markets, and replacing the old systems with new ones. These departments have done much hard and meticulous work in past reforms and have scored achievements of varying degrees. However, their work still cannot cope with the development under the new situation in many fields and links. During the Seventh 5-Year Plan period we should sum up experiences, be bold in exploration, and do a good job in carrying our reform in our own units and in coordinating with other reforms. In addition to controlling the macroeconomy, we should also support enterprises to vitalize themselves, and manage them in a flexible and orderly manner.

Government organs at all levels should foster the viewpoint of serving production and grassroots enterprises, persist in proceeding in their work from reality, and draw a clear line between reform and unhealthy trends. We should not recklessly popularize experimental reforms. It is necessary to conscientiously sum up experiences and lessons in a timely manner. We should not arbitrarily negate reforms that yield results. We should actively support them and help them develop in a healthy manner.

The above three reform contents constitute an interrelated organic whole. Vitalizing enterprises, particularly large and medium-sized enterprises, is the premise for developing the commodity markets and is the foundation for governments to give direct macroeconomic control over to enterprises. The three supplement one another and none can be dispensed with. They must proceed in a coordinated manner.

Reform represents massive and arduous social system engineering which must be designed and carried out in a comprehensive, coordinated, and step-to-step manner. The abolition of old systems and the establishment of new ones cannot be completed at one stroke and require a long period of time for their accomplishment. During this process the two systems will exist simultaneously and interact with each other. Inevitably, there will be all kinds of problems, contradictions, confusions, and deadlocks. It is impossible to absolutely avoid defects in our work because reforms can only be carried out in the course of exploration and experiences can only be gradually accumulated in the course of practice. Furthermore, it takes time for the people to cope with reform ideologically. We should give careful guidance and planning to various reforms, conscientiously carry out pilot work, and work prudently. We should strive to improve foresight and avoid defects through deeply conducting investigations and study. When we discover problems in reforms we must not complain, be dispirited or panic-stricken, or refrain from carrying out reform for fear of risks. Otherwise, we will bring big losses to various work. Only by persisting in reform and seeking methods for solving various problems and contradictions in the course of reform can we overcome difficulties, shorten the process of replacing the old systems with new ones, and score achievements in reform.

We should adhere to the correct orientation of reform and fully understand the arduousness of reform. Reform has not only instilled vitality into enterprises but also has added responsibility to them. In the practice of the new economic systems, the existence and development of enterprises and the increase in the material interests of enterprise workers will depend more and more on the success or failure of enterprises in their management and operation. Practice shows that enterprises which have done a good job in reform have paid attention to solving the most difficult problems, and exerted strenuous efforts to grasp the responsibility systems, operations and management, to reduce the consumption of materials, to improve product quality and to raise economic results. It is wrong to think that reform is just aimed at delegating powers to enterprises, reducing taxes, and giving more benefits to workers, or to think that reform means the state allocating more money and the workers receiving more money, for it goes against the purpose of reform. If we fail to straighten out the reform orientation of enterprises, the path of reform will become more and more narrow and reform may even go astray.

Our program of conducting reforms in economic systems is aimed at developing social productive forces, making the country strong and prosperous, and enabling the people to become wealthy and happy. In the course of conducting reforms and along with the development of production, the vast number of people will be able to enjoy more and more material benefits. However, it is very possible for some transformation measures, which can yield results only through a certain period of practice, to bring about no immediate and practical benefits to all districts, departments, enterprises, and individuals and to have a number of districts, department, enterprises, and the masses temporarily suffer from the losses of material benefits. This requires us to foster long-term and whole-situation viewpoints and to subordinate the immediate and partial interests to the long-term and whole ones. Recently, Premier Zhao Ziyang wrote an inscription for Comrade Zhang Jieshi, in which he praised him that "he has displayed the unswerving spirit of conducting reforms and creating something new and the honest workstyle of serving the people wholeheartedly," "which is an indicator of the contemporary spirit." It is hoped that personnel in the governments at all levels and the leading cadres of enterprises should regard Comrade Zhang Jieshi as a model, be keen in conducting reforms, make progress by overcoming difficulties, respect the pioneering spirit of the people, support the advanced personnel who have boldly engaged in conducting reforms and exploration, and should resolutely abide by the law and discipline and be honest in performing official duties.

4. Vigorously Promote the Program of Building Socialist Spiritual Civilization, Socialist Democracy, and Socialist Legal Systems

While enhancing the building of socialist material civilization, it is imperative to vigorously enhance the building of socialist spiritual civilization, which constitutes a long-term strategic principle of building socialism with Chinese characteristics. The CPC Central Committee has urged Beijing Municipality to become the best city in the country and a world with the best social order, social peace, social morale, and the best morality. To this end, it is imperative for the municipality to regard the work of continuously building socialist spiritual civilization as an important task during the Seventh 5-Year Plan period and to vigorously do a good job in grasping the work.

1. Efforts should be made to further enhance ideological and political work and to deeply carry out various activities of ideological education with the central content of the "four haves."

Ideological and political work constitutes a guarantee for making smooth progress and achieving healthy development in economic work. Along with the penetrating development of reforms and the change of economic systems from the old mold to new ones, a profound change in the people's ideology has also taken place. The issues of how to enable the broad masses of cadres and the people to correctly understand the character, purpose, and significance of the drive to conduct reforms, to discern the arduousness and difficulty of the drive to conduct reforms, to adopt a correct attitude toward problems cropping up in reforms, and to foster new ideology and new concept in order to enhance the confidence in reforms and to ensure smooth progress in conducting reforms have imposed new tasks in ideological and political work. We should also acknowledge that the policy of opening to the outside in order to enliven the

domestic economy has brought unprecedented vitality to the state program of building the socialist modernization; but that, however, the corrosive influence of capitalist lifestyle, the idea of "being motivated solely by money," and the trend of bourgeois liberalism will certainly corrupt our ranks. The remnant things of feudalism ideology still exist. The work to eliminate the influence of such ideology still represents our long-term task. Therefore, we must enhance ideological and political work and by no means should we weaken it. During the Seventh 5-Year Plan period efforts should be made to continuously conduct penetrating education on upholding the four basic principles among the people throughout the municipality and to carry out education on patriotism, collectivism, "ideals, morality, culture, and the sense of discipline," and on social public and professional morality. The education should be carried out in close coordination with the situation and tasks of every period, in particular the reform that is being conducted; with the activities to learn from heroes and models, and to discover, publicize and commend the communist factors at the side of the masses; and with everyone's work, recreation, daily life, and other social practice. We should continue the large-scale activities of "five stresses, four beauties, and three ardent loves," "building civilized units by army-men and civilians, and policemen and civilians cooperatively," "striving to be civilized citizens, creating civilized units, and building a civilized city," and engaging in communist voluntary labor so that the masses of cadres, staff members, and workers will gradually foster lofty communist ideals, call forth their vigor for building socialism, heighten their spirit of dedication to the motherland, and raise their ideological and moral levels, and so that every citizen will have a sense of honor and responsibility that a citizen of the capital should have, and gradually establish an active and enterprising mental attitude, and a civilized, healthy and scientific lifestyle.

Personnel of ideological and cultural departments shoulder particularly important tasks in building the spiritual civilization in the capital. They should adhere to the orientation of serving the people and socialism, correctly handle the relationship between economic benefit and social benefit, persistently give first priority to social benefit, and create, publish, perform and broadcast more intellectual activities, ideology, and high artistic level that live up to our great era. They should launch mass cultural activities more extensively to enrich the people's spare-time cultural lives. Based on reality, technical workers should study and explore the new situations and new problems cropping up in reform and development, sum up new experiences, and make greater contributions to the spiritual civilization of the capital.

Service of various trades and professions epitomize the moral character of the capital and the mental attitude of its people, and have great influence at home and abroad. All departments and units should regard improving service attitude and service quality as an important content of the spiritual civilization and carry it out. They should further strengthen management and education, improve the personal responsibility system, and work out penalty-award measures. They should also train their staff members and workers in a planned and step-by-step manner to improve their competence, and commend and give wide publicity to advanced examples to enhance the sense of responsibility and honor of the service workers of the capital. The entire society should respect the labor of service personnel and support their work so that the services of various trades and professions of the capital will be improved as quickly as possible.

2. We should correct the workstyles of government organs at various levels, and promote a steady improvement in social conduct.

In his report to the Fourth Session of the Sixth NPC, Premier Zhao Ziyang pointed out: "In strengthening the building of the socialist spiritual civilization and correcting various unhealthy trends, government organs at all levels should act as examples." Governments at all levels throughout Beijing Municipality should resolutely carry out this instruction. No need for reticence, because numerous unhealthy trends and even serious corruption indeed exist to varying degrees among some organs and a small number of cadres. Some of them abuse power for selfish gains, practice fraud, travel for pleasure with public funds, and arbitrarily send personnel abroad. Others engage in bureaucracy to a serious extent and neglect their duties, thus causing great losses to the state and the people. Still others engage in blackmail and bribery. Such practices have seriously damaged the prestige of government organs, affected work efficiency, corrupted social conduct, and aroused the indignation and dissatisfaction of the masses.

We should conscientiously implement the various regulations on correcting unhealthy trends issued by the CPC Central Committee, the State Council, and the municipal CPC Committee and government. We should criticize and educate cadres who have shortcomings and mistakes, pursue the liabilities of those who cause serious losses due to bureaucracy, and punish according to law those who participate in economic and other criminal activities.

In straightening out the workstyles of organs, government organs and relevant departments at all levels should strive to do more good and solid work for the masses. They should do more and speak less, sometimes speak nothing about what they have done, and strictly forbid exaggeration and boasting. They should oppose the practice of not speaking the truth and reporting only good news and not the bad. They should earnestly give heed to the people's criticism and opinions and take the initiative in subjecting themselves to the supervision of the masses and the people's deputies. They should greatly support, protect, and commend the good comrades who uphold principles, perform their duties impartially, and dare to struggle against unhealthy trends, and establish the good practice of supporting the healthy trends and suppressing the unhealthy ones. All retaliations, slanders and frame-ups should be dealt with strictly. Personnel holding public office at all government organs should act as examples, and exert influence on and lead the improvement of social conduct with their good mental attitude and workstyles.

We should continue to implement the policies concerning intellectuals, nationalities affairs, united front work, overseas Chinese affairs, and personnel who revolted and crossed over to our side, and continue to vacate and return private houses and return the money and property confiscated during the "Cultural Revolution."

3. We should continuously strengthen the overall treatment of public security problems, and deal stern blows to serious criminal offenses and serious economic crimes.

We should further strengthen the overall treatment of public security problems, and continuously deal stern blows to serious criminal offenses and economic crimes in order to realize a steady improvement in public security and social order, consolidate and develop the political situation characterized by stability and unity, and provide a good social environment to reform and the modernization of the capital.

During the Seventh 5-Year Plan period we should strengthen the building of law-enforcement organs, replenish their contingents, and enhance the competence of their personnel. Specialized law-enforcement personnel should obey and enforce the law strictly and, at the same time, adhere to the principle of exerting concerted efforts with the masses, further establish and improve the public security systems within all units, and do a good job in public security joint defense. They should greatly intensify the education of juveniles, make work-study schools successful, step up efforts to help and educate backward youths and those who committed minor crimes, and find proper jobs for those released from reeducation through labor, discipline, and imprisonment. We should further establish and improve the system of responsibility for the management of public places, and straighten out the order of cultural, sports and recreation centers, shops, and public transportation. Vicious traffic accidents and serious fires have been on the rise over the past few years. All fields should pay great attention to it, and work out control systems and preventive measures as soon as possible.

4. We should strengthen socialist democracy and the legal system. Establishing a highly developed socialist democracy and legal system is a reliable guarantee and necessary condition for maintaining enduring order and stability of the state, and for building the socialist material and spiritual civilizations. It is also one of our fundamental goals and tasks. We should persistently "grasp development with one hand and grasp the legal system with the other," and continuously improve and strengthen socialist democracy and legal system.

We should further carry forward socialist democracy. Abiding by the regulations of the law of the organizations of local people's congresses, governments at all levels should respect the functions and rights of people's congresses and their standing committees, submit to people's congresses and their standing committees the major issues which should be discussed and approved by them, and ask for their examination and approval according to law. They should also conscientiously implement the resolutions and decisions of people's congresses and their standing committees. The people are the masters of the state, and government personnel are public servants of the people. Efforts should be made to adopt a correct attitude toward the positions of the country's masters and of the public servants; to consciously accept supervision over government work; and to earnestly deal with the motions submitted by the People's Congresses and the proposals, criticism, and opinions offered by the deputies, as well as the motions and proposals submitted by CPPCC members; and to do a good job in holding receptions for the deputies and the CPPCC members who are on inspection tours. Attention should be paid to answering the people's letters, receiving the people's visits, showing concern over the people's welfare, and listening to opinions raised by the people. In dealing with major or serious problems, efforts should be made to

extensively solicit opinions from various circles and to be very careful in making policy decisions. We should gradually systematize and legalize democracy and create a lively political situation with both liberty and discipline, as well as with both unified will and individual ease of mind.

During the Seventh 5-Year Plan period, while earnestly implementing the laws, regulations, and rules formulated by the NPC and its Standing Committee, the State Council, and by the municipal People's Congress and its Standing Committee, a good job should be done in continuously grasping the work of mapping out draft local regulations and rules and working out administrative regulations and rules in order to gradually enable these regulations and rules to form a completely integrated system of urban administrative regulations and rules to standardize the people's acts, to readjust various relations in social and economic life, to ensure the smooth progress of the drive to conduct reforms, and to consolidate the successful results scored in the drive to conduct reforms. The working personnel of governments at all levels and the judicial departments should first take the lead in studying the law, knowing it well, abiding by the law in performing official duties, and in strictly enforcing the law. Efforts should be made to uphold the principle "everyone is equal before the law;" to combat the phenomenon of giving verbal condemnation instead of implementing the law, suppressing the law by taking advantage of power, and of giving administrative and economic sanctions instead of conducting legal punishment; and to block all acts of bending the law for the benefit of relatives and friends. We should enhance inspection over the implementation of the law and regulations and rules, and resolutely block the phenomenon of not abiding by the law and not strictly enforcing the law in order to safeguard the dignity and prestige of the law and the regulations and rules.

During the Seventh 5-Year Plan period, a good job should be done in grasping the work of basically popularizing legal knowledge in a down-to-earth manner among the citizens, particularly among the cadres and youths, in line with the arrangements made by the central departments concerned. Meanwhile, proceeding from their actual situation, each unit should organize the masses to study the relevant laws, regulations, and rules and administrative regulations. Universities should gradually establish legal courses, and middle and primary schools should regard legal knowledge as a teaching material in order to foster the sense of abiding by the law at an early stage of life.

Fellow deputies: The year 1986 is the first one in implementing the Seventh 5-Year Plan. Doing a good job in grasping the work this year has a vital bearing on smoothly fulfilling the Seventh 5-Year Plan. The arrangements for various work have been compiled into the concrete plan that is being submitted simultaneously to the current session for consideration.

The municipal major targets and various tasks during the Seventh 5-Year Plan period are arduous but also grand. In fulfilling the targets and tasks mentioned above, Beijing Municipality will certainly be able to further bring into play the urban functions of a political and cultural center, to bring about more beautiful appearance to both the urban and rural areas, to further upgrade the living standards of both the urban and rural people, and to lay

a solid foundation for achieving development in both urban and rural areas and making the economy prosperous in the 1990's and for fulfilling the grand targets set forth by the CPC Central Committee by the end of this century. We are convinced that under the leadership and concern shown by the CPC Central Committee and the State Council, the direct leadership of the municipal CPC Committee, and under the vigorous support given by the central departments, the PLA units stationed in Beijing, and by the fraternal provinces and autonomous regions, the municipality will certainly be able to fulfill the Seventh 5-Year Plan by relying on the people of various nationalities throughout the city, who are uniting as one and waging arduous struggles.

/12712

CSO: 4006/1103

PROVINCIAL AFFAIRS

HU PING DISCUSSES FUJIAN'S ECONOMIC SITUATION

OW030825 Fuzhou FUJIAN RIBAO in Chinese 23 May 86 p 1

[Excerpts] The Fujian Provincial CPC Committee and the provincial government held a province-wide telephone conference on 22 May to work out plans for industry, communications, and domestic trade. It called on the various districts and enterprises to continue carrying out reforms, strengthen their management, and work hard to fulfill and overfulfill this year's work in industry and trade.

You Dexin presided over the conference.

Hu Ping made a speech. After reviewing the economic situation in the past 4 months, he pointed out: Although we have made some achievements during the first 4 months this year, our economic results, production quality, and production speed are still not ideal. Our growth rate is lower than the average growth rate in various provinces and cities in East China. One-third of the year has already passed, but we have only fulfilled 31.3 percent of the year's production target. Our work efficiency is far from being ideal. It is for this reason that Governor Hu Ping stressed the following five points in the development of industry, communications, and domestic trade:

1. We must persistently carry out reforms and open our country to the outside world. We must further develop lateral economic ties.
2. We must strengthen enterprise management and raise economic efficiency. There remain some problems in industrial and enterprise management in Fujian. We must strengthen quality control, adhere to the principle of quality first, and attach great importance to production quality.
3. We must vigorously promote technical innovations in various enterprises. We will have another batch of technical innovations and transformation completed this year. The various prefectures and cities must make good use of such innovations to increase production efficiency.
4. We must continue to pay attention to the development of energy resources and communications and transportation work.

5. We must run rural markets well and vigorously provide them with marketable goods. We must turn out and supply more nonstaple foods and vegetables. Commercial departments must take the initiative in providing the industrial departments with all types of information.

In conclusion, Hu Ping pointed out: In promoting industry, communications, and commodity circulation, our reliance on industrial and trading departments alone is not enough. We must strengthen the leadership of our party and government over economic work, improve our style of work, extensively conduct investigation and study, and solve the new problems that crop up under the new situation.

In short, the various departments concerned must strengthen their cooperation, closely coordinate with one another, and make still greater contributions to developing industry and transportation and providing more commodities to the market this year.

/12712

CSO: 4006/1103

PROVINCIAL AFFAIRS

HEBEI VICE GOVERNOR ON SEVENTH 5-YEAR PLAN

SK230400 Shijiazhuang HEBEI RIBAO in Chinese 6 May 86 pp 1, 2, 3

["Report on the Seventh 5-Year Plan for the Hebei Provincial Economic and Social Development," delivered by Vice Governor Li Feng at the Fourth Session of the Sixth Hebei Provincial People's Congress on 25 April]

[Text] Fellow deputies:

Entrusted by the provincial People's Government, I now submit a report on the Seventh 5-Year Plan for the Hebei Provincial Economic and Social Development for examination by the present session.

It took us more than 2 years to draw up the province's Seventh 5-Year Plan. On the whole, the drawing-up of this plan can be divided into three stages. At the first stage, from February to August 1984, in line with the magnificent goal set forth by the 12th Party Congress, we organized the departments and specialists concerned to discuss the provincial situation and the strategy for development, and to draw up the strategy for the economic and social development by the end of this century. At the second stage, from September 1984 to September 1985, on the basis of the discussion on the provincial situation and strategy and in line with the plans of various prefectures, cities, and departments, we conducted investigations and studies, analyzed the situation on the economic and social development, summed up the historical experiences, emphatically studied the major problems which should be solved during the Seventh 5-Year Plan period and the ways to solve these problems, draw up the outlines of the Seventh 5-Year Plan, set forth the guiding ideology, major tasks, fighting goals, strategic priorities, economic distribution, and countermeasures for the Seventh 5-Year Plan, and designed the frame of the overall ideas. At the third stage, from October 1985 to April 1986, in accordance with the "Proposal of the CPC Central Committee for Drawing up the Seventh 5-Year Plan for National Economic and Social Development," we revised the outlines of the Seventh 5-Year Plan, conducted overall balancing, and drew up the (draft) Seventh 5-Year Plan.

The (draft) Seventh 5-Year Plan, submitted to the present session for examination, has already been printed and distributed to you. Here, I will make some explanations of the implementation of the Sixth 5-Year Plan, the basic tasks for the Seventh 5-Year Plan, the economic structural reform, and the several points of work necessary for achieving the Seventh 5-Year Plan.

1. Implementation of the Sixth 5-Year Plan

During the period of the Sixth 5-Year Plan, our province conscientiously implemented the CPC Central Committee's principles of "readjustment, restructuring, consolidation, and improvement" and "invigorating the domestic economy, and opening up to the outside world," thus achieving great results in the national economy and on all fronts. Most of the tasks and targets formulated by the Sixth 5-Year Plan have been fulfilled or overfulfilled, and profound changes have occurred in our economy and society.

During the Sixth 5-Year Plan period, the province's national economy has developed in a sustained, steady, and coordinated manner, and the economic efficiency has raised somewhat. In 1985 the province's total social product amounted to 7.346 billion yuan (calculating in terms of the present price), an average annual growth rate of 9.6 percent (calculating in terms of the comparable prices). Of this, the total agricultural output value (excluding rural industries and the industries run by units below the village level) came to 1.646 billion yuan, an average annual growth rate of 10 percent, and greatly surpassing the average annual growth rate of 1.3 percent during the Fifth 5-Year Plan period. The total industrial output value (including rural industries and the industries run by units below the village level) was 4.297 billion yuan, an average annual growth rate of 10.6 percent which was higher than the rate of 8.7 percent during the Fifth 5-Year Plan period. The national income was 3.294 billion yuan, showing an average annual growth rate of 9.8 percent, surpassing the rate of 8.3 percent during the Fifth 5-Year Plan period. In the first 2 years of the Sixth 5-Year Plan period, the financial revenues paced up and down, but in the latter 3 years, it has witnessed a steady increase. In 1985 the financial revenues amounted to 4.515 billion yuan, an average annual increase of 5.2 percent. This indicates that our province has already basically fulfilled the task of effecting a fundamental improvement in the financial and economic situation. The proportions and relations between the major sectors of the national economy became more rational, and the accumulation rate dropped from 33.2 percent during the Fifth 5-Year Plan period to 30.4 percent. The structure of agriculture, light industry, and heavy industry was improved somewhat. The proportion of agriculture in the total dropped from 29.1 percent in 1980 to 27.2 percent in 1985, that of light industry dropped from 32.8 percent to 35.1 percent, and that of heavy industry dropped from 38.1 percent to 37.2 percent. The tertiary industry developed rapidly and its proportion in the gross national product rose to 21.3 percent. Along with the coordinated development of the economy, economic efficiency also increased to some extent. In 1985 the province's per-capita income was 597 yuan, increasing at an average annual rate of 9.8 percent, and approximately doubling the average rate of 5.3 percent in the previous 28 years (from 1953 to 1980). In 1985 the local budgetary industrial enterprises made simultaneous increases in output value, profit, tax, and financial income. The social labor productivity reached 1,345 yuan, showing an average increase rate of 6.3 percent, and 2.8 percent higher than the average annual rate in the previous 28 years. The utilization rate of the whole people-owned fixed assets rose from 68 percent during the Fifth 5-Year Plan period to 82.2 percent. The national income newly added from every 100 yuan of accumulation increased from 33 yuan during the Fifth 5-Year Plan

period to 40.7 yuan. The energy consumption for each 10,000 yuan of national income dropped from 18.7 tons in 1980 to 16.1 tons in 1985, saving a total of 6.3 million tons of standard coal in 5 years.

During the Sixth 5-Year Plan period, profound changes occurred in the province's rural economy. In 1985 the total social product in the rural areas of the province amounted to 3.109 billion yuan, doubling the 1980 figure, and its proportion in the total social product rose from 36.3 percent to 42.3 percent. In the past, the province's agriculture has developed slowly. From 1953 to 1980, the grain output increased by only 268,000 tons annually on an average. From 1965 to 1980, the cotton output stagnated for a long time. Thanks to the implementation of the guidelines of the documents issued by the central authorities, the enthusiasm of the large number of peasants has been fully mobilized; the development of agricultural production has been promoted; and the output of grain and cash crops increased substantially. In 1985 the gross grain output was 19.666 million tons, up 29.2 percent over 1980. Despite the reduction of growing acreage and the hit by natural disasters, the output of cotton still reached 629,000 tons, 2.5 times that of 1980. In 1985 the total output of oil-bearing seeds reached 869,000 tons, about 2 times that of 1980. In the past 2 years, our province has been sufficient in grain, and more than sufficient in cotton. This is an event of great significance in the province's history. In 1985 the output of dried and fresh fruits reached 1.653 million tons, up 95.6 percent over 1980. What is gratifying is the comprehensive increases in agriculture, forestry, animal husbandry, sideline production, and fishery during the Sixth 5-Year Plan period. In the total agricultural output value, the output value of the cropping industry increased at an average annual rate of 9.3 percent; that of forestry, 10.9 percent; that of animal husbandry, 15 percent; that of sideline production, 6.1 percent; and that of fishery, 5.3 percent. The proportion of forestry, animal husbandry, sideline production, and fishery rose from 21.6 percent to 24.2 percent. Town and township enterprises have developed rapidly, and have already become an important mainstay of the province's rural economy. In 1985, the output value of the rural industry, the building industry, the transport industry, and commerce reached 14.63 billion yuan, and the proportion of the rural industry, the building industry, the transport industry, and commerce in the total rural social product reached 47.1 percent. New headway was made in land reclamation undertakings. All the 32 state farms in the province made a profit. In 1985 these state farms netted a total of 43.5 million yuan in profit.

Certain results were achieved in supporting the poor in the rural areas. During the Sixth 5-Year Plan period, the province allocated a total of more than 170 million yuan in relief funds, and 430 million yuan in supporting-the-poor funds to help some 552,000 poor households, of which more than 372,000 households eliminated poverty, and had sufficient food and clothing.

During the Sixth 5-Year Plan period, our province strengthened energy, communications, and raw material industries, thus increasing the strength for economic construction. Throughout the province, the investment in the fixed assets of state-owned enterprises totaled 22.85 billion yuan, of which 6.85 billion yuan went to energy industrial enterprises, showing an increase of

2.72 billion yuan, or 60.3 percent, over the Fifth 5-Year Plan period. This investment helped to increase the power generating capacity by 1.27 million kilowatts, the coal production capacity by 7.96 million tons, the petroleum production capacity by 1.7 million tons, the oil refining capacity by 800,000 tons, the power transmission lines of more than 110,000 voltage by 2,080 km, and the power transformation equipment of more than 110,000 voltage by 3.67 million kilo-volt ampere. The investment of communications, transportation, and postal and telecommunications departments totaled 1.71 billion yuan, an increase of 630 million yuan, or 58.3 percent, over the Fifth 5-Year Plan period. During the period in question, 492 km of railways, and 879 km of roads were built, and the cargo handling capacity of the Qinhuangdao Harbor increased by 35 million tons. Investment in the building material industry totaled 1 billion yuan, an increase of 720 million yuan, or 360 percent, over the Fifth 5-Year Plan period. This helped to increase the cement production capacity by 2.814 million tons, and the plate glass production capacity by 3.37 million weight boxes [zhong liang xiang 6850 6852 4360].

Our province witnessed new development in education, science and technology during the Sixth 5-Year Plan period. Attaching strategic importance to the development of education, science and technology, governments at all levels strengthened leadership, and increased investment in it. Education funds increased every year. During the period in question, they totaled 2.753 billion yuan, 81 percent more than in the Fifth 5-Year Plan period. Newly added student seats totaled 490,000, the number of colleges and universities grew from 30 to 50, and that of secondary specialized schools from 117 to 271. The number of students studying at local higher educational institutions (including those attending adult education courses) increased by 1.1 times, those studying at secondary specialized schools grew by 80 percent, and those studying at agricultural vocational schools increased by 3.51 times. A total of 190,000 people graduated from universities and secondary vocational schools, increasing by 45 percent over the Fifth 5-Year Plan period. During the Sixth 5-Year Plan period, 852 scientific and technological projects were undertaken, of which 766 were completed, yielding more than 780 million yuan of benefit. During this period, 1,797 scientific and technological achievements at the provincial level were scored throughout the province. Of them, 15 won the state invention award, 51 won the scientific and technological progress award, 12 won natural science award, and 46 were commended by the province or ministries. More than 68 percent of the scientific and technological achievements were applied. New progress was made in the development and application of microcomputer, bioengineering, and others. More than 40 achievements were scored in the study of the development of Taihang Shan. Of them, 16 reached advanced domestic and world levels. A new way to develop mountainous areas and help them achieve prosperity was explored, which was commended by the State Council. Notable results were achieved in opening up technology market. In 1985, the province organized scientific and technological trade on more than 2,100 occasions, with the total transactions reaching 590 million yuan.

During the Sixth 5-Year Plan period, our province increased the number of circulation channels, expanded the circulation spheres, and witnessed a thriving urban and rural market situation. The total number of urban and

rural trade fairs throughout the province reached 2,477, an increase of 722 over 1980. Some 139 large trade markets were built. All provincial industrial goods wholesale centers were decentralized to cities and some 53 new trading centers of various forms were built. More supply and marketing cooperatives at all levels are being "run by the people," instead of the government which used to run them. A number of specialized service organs were established and some serialized service models emerged. Capital goods markets as well as technological and banking markets began to emerge. The retail sales of commodities rose substantially. If the price rises are factored in, the actual increase of total value of commodities purchased by the province's state and cooperative commercial units in 1985 was 54.3 percent over 1980. The total retail sales of social commodities showed an actual increase of 67.9 percent. The retail sales of commodities of the state, collective, and individual commercial units increased by 64.3 percent, 53.7 percent, and 24 times respectively over 1980, thus initially forming a circulation system characterized by various forms of ownership, various operational methods, and various circulation channels.

During the Sixth 5-Year Plan period, the incomes of the urban and rural residents in the province increased and their livelihood improved. Some 1.482 million job-seekers in the cities and towns were provided with jobs and the unemployment rate in cities and towns dropped from 4.4 percent in 1980 to below 1 percent in 1985. Along with the development of production, the incomes of the urban and rural residents increased. The average per capita net income of peasants throughout the province was 385 yuan in 1985, showing a total increase of 89.2 percent in 5 years if retail price rises are factored in. The average per-capita income of the urban residents for their living expenses was 677 yuan. If the retail price rises are factored in, the total increase in 5 years was 35.4 percent. The consumption patterns changed remarkably. The number of high-grade durable consumer goods owned by families increased every year. The total savings deposits of the urban and rural residents reached 10.29 billion yuan, an increase of 8.18 million yuan over 1980. The housing conditions of the urban and rural residents improved. Some 20.84 million square meters of urban housing were completed, showing an increase of 39.5 percent over the Fifth 5-Year Plan period. The average per-capita housing areas rose from 3.6 square meters to 5 square meters. In 1985, the average per-capita housing areas used by peasants reached 15.4 square meters, up 25.1 percent over 1980. The quality of clothing and food of the people improved fairly greatly. Never before has there been such a big substantial increase in the livelihood of the people throughout the province in a short span of 5 years.

During the Sixth 5-Year Plan period, our province made gratifying strides in opening to the outside world and establishing lateral economic cooperation, and achieved great development in establishing friendly contacts with foreign countries and carrying out cultural exchange. Our province has established friendship city ties with nine states, counties, and cities in foreign countries. In 1985, the province's total export volume of foreign trades reached \$1.298 billion, an increase of 110 percent over 1980, showing an annual average increase of 16.5 percent. Fruitful achievements were made in the two international economic and technological cooperation and the export

commodity trade meetings. During the Sixth 5-Year Plan period, the province as a whole approved 125 contracts involving 329 million yuan, of which \$76.2 million was foreign funds. The United Nations as well as other international organs provided gratis assistance and low-interest loans involving a total of \$118 million. We received a total of some 5,064 experts, scholars and lecturers from foreign countries and some 193,000 foreigners, overseas Chinese, and compatriots from Hong Kong and Macao. As our province's window for opening to the outside world, Qinhuangdao City scored initial progress in developing economic and technological cooperation with foreign countries. Our province succeeded in gradually strengthening economic and technological cooperation with the fraternal provinces, cities, and autonomous regions. At the 1985 invitational meeting on carrying out economic and technological cooperation with different places throughout the country, the province signed agreements with other provinces, municipalities, and autonomous regions on carrying out 705 economic cooperation projects, and 410 million yuan of funds were brought in from other places. According to incomplete statistics of nine cities under the jurisdiction of the province, 1,083 lateral economic associations involving 8,391 enterprises of more than 230 cities and counties of 28 provinces, municipalities, and autonomous regions were organized. More than 7,100 production units throughout the province established cooperation ties with more than 4,300 universities and colleges, scientific research and designing units, and large factories and mines in and outside the province, and 1,970 associations for linking production with scientific research were set up.

Greater progress was made in tourism. Many famous tourist scenic spots in Qinhuangdao and Chengde were renovated and reconstructed. During the Sixth 5-Year Plan period, the province received more than 105,000 tourists from foreign countries, Hong Kong, and Macao.

During the Sixth 5-Year Plan period, our province made great progress in broadcasting, television, press, publication, culture, public health, sports and family planning work. The rate of TV and FM radio coverage reached 80.9 percent and 61.9 percent respectively. Ninety-eight percent of the total towns and townships in the rural areas established cultural centers. A large group of specialized households in the cultural field emerged. Greater progress was made in public health undertakings. Over the past 5 years, 910 public health and medical organs and more than 25,300 sickbeds have been newly added. The incidence of some infectious diseases and some frequently occurring diseases decreased. The incident of endemic goiter was brought under control. Greater progress was made in preventing and curing endemic fluorine poisoning disease. Thus, the people's health conditions improved notably, and the sanitary conditions in the urban and rural areas improved greatly. Along with the flourishing development of the mass sports activities, a group of excellent athletics and sports teams emerged. The province ranked third in terms of the number of gold medals won in the First National Youth Sports Games. This was a major breakthrough in the Hebei Province's sports history. The natural population growth rate of the province was 14.2 per thousand thanks to the implementation of the family planning work.

During the Sixth 5-Year Plan period, the task for reconstructing the areas in Tangshan City hit by the earthquake disasters was basically fulfilled. Over the past 5 years, a total of 2.5 billion yuan of funds were invested in rebuilding the disaster-stricken areas, and the residential areas totaling more than 11 million square meters of floor space were built. As of the end of 1985, 215,000 families involving more than 788,000 people moved into new houses. In 1985, the industrial output value of Tangshan City was 5.166 billion yuan (not including the output value realized by the industry at or below the village level), showing an increase of 75.7 percent over that of 1975 when there was no earthquake. The 1976 earthquake had turned Tangshan into ruins. But today, a new Tangshan which extends broadly is towering aloft on the banks of the Bohai Sea.

We basically attribute the achievements made during the Sixth 5-Year Plan period to the implementation of the line, principles and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee, the ideological and political act in unison with the central authorities, and the prominent grasp of reform.

In line with the actual conditions of the province, cadres at all levels were called on to emancipate their minds, expand their view, and pioneer the road of advance. Simultaneously, we firmly eliminated the wrong theory of "taking the class struggle as the key link," got rid of the obstructive thinking of "taking the grain as the key link" and the self-supporting and semi-self-supporting economy, fostered an idea that the socialist economy is the planned commodity economy, and vigorously developed commodity production, thus laying an ideological foundation for ceaselessly creating a new situation of reform and construction.

In developing our work, we persistently gave priority to the reform. In line with the arrangements of central authorities, the rural areas made an important step in reforming the unified and fixed state purchases of farm products and in readjusting the rural production structure on the basis of implementing the output-related contracted responsibility system. Focusing on invigorating enterprises, the urban areas carried out reforms in the spheres of production, distribution, and circulation, thus expanding the autonomy of enterprises in management and intensifying the self-renovation and self-development capacity of enterprises. Having broken with the monopolized management, unified purchases, and guaranteed and planned distribution, and commercial departments gradually transformed their circulation system into an open and multi-channel system with fewer intermediate links. The multi-functional role of cities was gradually brought into play. At the same time, the province carried out reforms in the fields of market price, wages, finance, science and technology, and education. All these reform projects vigorously promoted the development of productivity. However, we are inexperienced in carrying out these reform projects. Therefore, in the course of reform, in particular at the stage of replacing the old systems with new ones, problems are hard to avoid. Those problems that occur in the course of reform can only be solved through reforms. We should enhance our understanding through constant explorations and practices in order to gradually perfect our reform projects. We should carry out reforms, enhance our understanding, once again carry out reforms, and once again

enhance our understanding. Through such a repeated and deepening process, we can constantly enhance our understanding and continually develop the reform.

In guiding the economic work, we always adhered to the ideological line of proceeding from reality in doing everything and seeking truth from facts, paid attention to going deep into the grassroots units to conduct investigations and studies, gave different guidances to different cases in different localities and trades in light of their respective nature, corrected at all times the method of demanding uniformity in everything, and called on all localities and departments to make a conscientious analysis of their situation, to exploit their own superiorities, and to take their own road of becoming prosperous.

In terms of work methods, we emphatically guided the overall situation by the method of using the typical cases to lead the road. We summed up and popularized the Shijiazhuang City's experiences in carrying out the collision-and-rebound type and comprehensive reforms, and experiences of Langfang and Baoding Prefectures in conducting the extensive discussion entitled "Quadrupling the Output Value and Striving for Relatively Comfortable Standards of Living," the "three visits" experiences of Baoding Prefecture, Tangshan City's experiences in exploiting the cities' function, and Handan City's experiences in developing the lateral economic ties. The popularization of these typical experiences have greatly promoted the work throughout the province.

During the Sixth 5-Year Plan period, our province scored great achievements in reform and construction. But some problems and latent unfavorable factors still exist in our work. Major indicators are: 1) In the course of carrying out the economic structural reform, we have failed to make an overall planning, and our reform measures are uncoordinated. In the second half of 1984, the overly rapid growth of the consumption fund and the overly large scale of capital construction emerged for a time. Although we expeditiously adopted some measures to solve these problems, we should not treat them lightly. Owing to the different paces of reform in various fields and the obstructions to reform, some reform measures which had already been promulgated have not been carried out successfully. At present only one-third of large and medium-sized enterprises have really invigorated themselves, and most enterprises are backward in conducting self-renovation and self-development and in meeting the emergencies occurring on markets. In the course of correcting unhealthy trends, owing to the confused policy boundaries, the legal economic activities in some localities have been restricted, and some contracts cannot be honored. After the price reform was initiated, owing to the lack of experiences, we have failed to adopt coordinated measures, and have given insufficient guidance, thus leading to the inordinate increases in the prices of some food-stuffs. Although we strengthened the control over price hikes in the second half of last year which basically checked the trend of price hikes, latent factors for price hikes still exist because the total social demand still surpasses the total social supply. 2) Economic benefits from production and business were not high. With a low technological level, and backward scientific management, industrial enterprises in our province produced some goods of poor quality, and consumed plenty of materials. In commercial enterprises, marketing funds rose, and the turnover of circulating funds was slow. Some

construction projects required long construction periods, and those commissioned amounted to a small part. Only 25 percent of the products produced by township enterprises were competitive in markets. 3) The agricultural foundation was rather weak, and destabilizing factors existed in agricultural production. Our successive good agricultural harvest over the past few years should mainly be attributed to the power of party policies, and science and technology. However, due to negligence of farmland improvement projects, reduced agricultural input, and poor service which failed to catch up, pump wells were out of repair; channels were seriously damaged; soil fertility declined; and arbitrary occupation of farmland was a common scene. In addition, the acute shortage of water resources of our province made our groundwater level drop every year. We should pay great attention to these unfavorable conditions affecting the sustained agricultural growth. Since 1984, despite our efforts to strengthen the work concerning poverty-stricken areas, some localities have yet to eliminate their poverty and backwardness due to numerous reasons, and the people in some remote mountainous and old revolutionary base areas still do not have adequate food and clothing. 4) Although the social conduct of our province showed improvement, it was far from being fundamentally improved. We should attach great importance to these problems and difficulties, continue to work hard, and carry out the work of this year and the entire Seventh 5-Year Plan period more conscientiously and successfully. We ask you, fellow deputies, to supervise our work.

2. Major Tasks of the Seventh 5-Year Plan, and Economic Structural Reform

The Seventh 5-Year Plan period is important to the fulfillment of the strategic objective of quadrupling the industrial and agricultural output value by the end of this century as set forth at the 12th national party congress, and also crucial to the changeover of the old economic system into the new. During the period in question, we should continue to conscientiously implement the policy of "enlivening the domestic economy, and opening to the outside world," carry out the economic structural reform thoroughly, and greatly facilitate economic construction and social development. In line with the general requirement for greatly expanding the socialist commodity economy and gradually establishing a new economic system corresponding to our characteristics and full of vitality and vigor, and on the basis of the actual conditions of our province, the guiding ideology for the Seventh 5-Year Plan is: to give top priority to reform persistently, and make reform and development adapt to [words indistinct] to attach strategic importance to science and education development persistently, and promote the national economic development with high efficiency; to open to the outside world persistently, and further expand foreign economic and technological exchanges; to coordinate production and construction with the consumption for everyday life persistently, and fix an appropriate construction scale, and an appropriate degree of improvement in the people's living standards; and to greatly strengthen the building of the socialist spiritual civilization persistently while promoting the building of the material civilization.

After earnestly summing up the fulfillment of the Sixth 5-Year Plan, analyzing and studying the current situation of economic and social development, and taking into consideration the new factors of the Seventh 5-Year Plan period,

and on the basis of the principle of being optimistic but not over-ambitious, the major tasks for our province's national economic and social development for the Seventh 5-Year Plan period are defined as follows:

- 1) We should push forward the overall reform of the structures of the economy, science and technology, and education, and continue to bring into balance the relations among various sectors so that the production relations can better suit the needs in the development of productive forces, and a foundation can be laid for a socialist economic system that is full of vitality and vigor.
- 2) We should strive to maintain the basic balance between the total social demands and the total social supply. On the premise of ceaselessly upgrading the economic results, we should ensure a sustained, steady, and coordinated development of the national economy. When calculated in terms of the 1985 price index, the province's total industrial and agricultural output value should reach 81.8 billion yuan by 1990, an increase of 37.7 percent over that of 1985 and an annual average increase of 6.6 percent. By 1990, the GNP should reach 53.4 billion yuan, an increase of 39 percent over that of 1985 and an annual average increase of 6.8 percent. A total of 184 billion yuan of national income has been arranged for use during the Seventh 5-Year Plan period, an increase of 64.8 percent over that in the Sixth 5-Year Plan period. In the distribution of national income, a total of 130 billion yuan of funds has been arranged for consumption funds in the Seventh 5-Year Plan period, accounting for 70.7 percent of the total national income; and a total of 54 billion yuan of funds has been arranged for accumulation funds, accounting for 29.3 percent of the total national income. The investment in the fixed assets of the whole society in the Seventh 5-Year Plan period should be 55 billion yuan, an increase of 15.1 billion yuan over that of the Sixth 5-Year Plan period.
- 3) We should continue to readjust the structure of investment and the industrial structure, and to vigorously strengthen the construction of key projects, technological transformation, and intellectual development in order to prepare necessary reserve strength for the faster economic and social development in the 1990's. By 1990, the proportion of the agricultural output value in the total industrial and agricultural output value should drop from 27.7 percent in 1985 to 24.5 percent, that of the light industrial output value should rise from 35.1 percent to 37.8 percent, and that of the heavy industrial output value should rise from 37.2 percent to 37.7 percent. In the GNP, the proportion of the tertiary industry should rise from 21.3 percent in 1985 to 24.7 percent and that of the primary and secondary industries should drop from 78.7 percent to 75.3 percent. Fixed assets worth of 26 billion yuan should be added for the state units in the Seventh 5-Year Plan period, an increase of 6.57 billion yuan over that of the Sixth 5-Year Plan period. In this period, 67 large and medium-sized capital construction projects and above-quota projects for technological transformation and equipment renewal should be completed and commissioned. By 1990, 34 counties and cities throughout the province should make the 9-year compulsory education universal. In this period, the province should produce about 400,000 college graduates (including the graduates from adult schools.) Of the newly added industrial and agricultural output value, over 25 percent should be gained by relying on scientific and

technological progress. The quality and functions of over 40 percent of the total major industrial products should reach the national advanced level of that time.

4) On the basis of developing production and upgrading economic results, we should continue to improve the livelihood of the urban and rural people. By 1990, the consumption level of the urban and rural residents should reach 453 yuan, an increase of 32.1 percent over that of 1985. The per capita wage of the staff members and workers should reach 1,300 yuan, an increase of 257 yuan and an annual average increase of more than 4 percent. The per capita net income of the peasants should reach 530 yuan, an increase of 145 yuan over that of 1985 and an annual average increase of 6.6 percent. Further improvement should be made in the people's living standards and their living conditions. The natural population growth rate should keep within 11 per thousand.

The above-mentioned four tasks are closely related and linked with each other. Fundamentally speaking, reform is a task of the utmost importance. Only when we continue to deeply and systematically carry out the reform of the economic structure and bring different sectors of the economy into better balance can we be able to further emancipate the productive force and to ensure a smooth progress of the economic construction and the construction of all undertakings for social development. Simultaneously only when we lay a good foundation for the new economic structure that is suitable to our province's special characteristics and full of vitality can the economic vitality and prosperity be promoted in the 1990's and beyond.

The economic structural reform during the Seventh 5-Year Plan period is, in general, mainly composed of the following three parts.

First, enterprises, in particular large and medium-sized state-owned ones, should be invigorated, and lateral economic cooperation should be greatly expanded. Effective measures should be adopted within and outside enterprises to expand their decisionmaking power in production and business. These measures include properly reducing mandatory plans, granting regulating tax reduction or exemption, raising the depreciation rate, lightening irrational burdens, applying and improving the systems of having plant directors (managers) assume full responsibility, and of having them assume the responsibility for fulfilling certain targets within their terms of office, reforming the wage and award systems, and the labor system of enterprises, and so forth. In this way, enterprises will acquire the capacity to accumulate funds for transformation and development. We should continue to straighten out and consolidate administrative, and semi-administrative companies. Except for a few departments and trades, no organs at the provincial level will have the power to administer enterprises directly. Cities should also separate government functions from those of enterprises, and delegate to enterprises the power they are entitled to so that enterprises will truly become relatively independent socialist commodity producers and distributors with autonomy in operation, and responsible for their own profits and losses. Focusing on upgrading product quality, and reducing material consumption, all enterprises should introduce overall quality control, establish and improve the quality guarantee system, and strengthen the various technological foundation of enterprises.

We should establish an economic accounting system with the accounting of the plant or department as the center, that of the workshop as the emphasis, and that of the work group as the foundation, do a good job in the technological foundation of enterprises, and strive to apply modern management in enterprises. We should continue to develop various forms of ownership and operation on the premise that public ownership occupies a dominant position, and allow some small state-owned enterprises to be operated by collectives or individuals through contracts or leasing. Enterprises suffering poor management for a long period of time should be reorganized, and closed down, suspended, incorporated with others, or have their production lines converted in line with the principle of selecting the superior and eliminating the inferior. In particular, we should greatly promote the lateral economic cooperation among enterprises in the principle of voluntary participation, mutual benefit, and common development, and gradually establish associations of enterprises of various forms at various levels. At present, the great development of lateral economic cooperation is of extremely far-reaching significance in further facilitating the economic structural reform, and accelerating the national economic development. The purpose of the lateral economic cooperation among enterprises is to rationalize enterprise structure, the development of resources, the use of funds and technology, and the disposition of productive forces. We should give full play to the economic advantage of cities, and organize large industrial and mining enterprises to establish ties with township enterprises to allow the latter to carry out some of the production tasks of the former. We should also make the best use of our geographical condition of being close to Beijing and Tianjin, and absorb advanced technology to increase the competitive edges of our products. We should particularly advocate the cooperation between processing enterprises and raw material producing enterprises, between military and civilian enterprises, between production enterprises and scientific research and designing units (including colleges and universities), and among agricultural, industrial, commercial, and foreign trade enterprises. The cooperation may be closely, semi-closely, or loosely organized. It may be long-, medium- or short-term in the form of joint venture, cooperative production, or processing with provided materials. With regard to the defects in the managerial system cropping up in the course of cooperation, and some policies, and regulations hindering the cooperation, we should conscientiously study them, and actively readjust and improve them in the spirit of reform. Planning, finance, tax, supply, banking, and other provincial departments should study and formulate new policies and regulations, actively support and encourage enterprises to expand lateral economic cooperation, protect the legal rights and interests of all the parties joining the cooperation, and ensure the sound development of the various types of cooperation among enterprises.

Second, we should further develop the socialist commodity market, and gradually perfect the market system. We should continue to reduce the variety and quantity of the products allocated and distributed under the unified state plan, should further perfect the system of purchasing goods by contracts, and should expand the proportion of the farm and sideline products which are sold on markets at the negotiated prices. In purchasing and marketing the manufactured consumer goods, we should adopt such forms as allowing industrial enterprises to sell their products by themselves, allowing commercial units to order and buy such goods at their own choice and to market them on a

commission basis, and allowing industrial and commercial units to market such goods jointly. Big and medium-sized cities should generally establish the production means markets, advocate the direct contacts between the producers and buyers, and unclog the circulation of goods. At the same time, we should gradually open up banking markets, expand the technological markets, and attend to commercializing residences on a trial basis. The key to establishing and perfecting the socialist market system lies in further reforming the pricing system and the price management system. At present in doing the price work, we should focus on consolidating and digesting the reform measures which have already been initiated, and resolutely maintaining the basic stability of the total price level. During the Seventh 5-Year Plan period, the focus of the price reform is to change the prices of energy, raw materials and other production means which were set low in a planned and step-by-step manner in order to gradually narrow the gap between the planned prices and the market prices. We should gradually loosen control over the prices of ordinary commodities. The state-run commerce should play its predominant role, and actively take part in the market regulation. Through reform, we should gradually establish the system under which the prices of a handful of important commodities and labor services are fixed by the state, and the prices of the remaining large number of commodities and labor services are subject to the state guiding prices and the market regulatory prices so that we can give good play to the regulatory role of prices as a lever.

Third, we should gradually relax the present forms of direct state control over enterprises and establish a new system under which this control will be exercised indirectly. We should also establish a new socialist macroeconomic management system. During the Seventh 5-Year Plan period, we should control and regulate the operation of economy through economic, legal, and necessary administrative means. The state plans are the major basis for giving macroeconomic guidance to and exercising control over the correct development of the national economy. To ensure the fulfillment of the planned targets and to develop the planned commodity economy, we should further reform the planning system, appropriately reduce the proportion of the mandatory plans, and expand the scale of the guidance plans and the market regulation. At the same time, we should gradually shift the focus of the planning work onto the orbit of comprehensively managing and regulating the macroeconomy through economic policies, through such economic levers as prices, tax collection, credit, interest rate, and wages, and through the comprehensive utilization of the economic regulatory means. Governments at all levels should systematically study and work out methods for comprehensively utilizing the economic levers in order to make various economic regulatory means coordinate with one another and to achieve the best macroeconomic efficiency. We should readjust and restructure the organizational departments, amplify and strengthen the comprehensive economic management departments, and raise the level of policy- and decision-making abilities and the ability to control the macroeconomy. Being the place to integrate the urban economy with the rural one, various counties should actively carry out experiments for the county-level comprehensive reform, and gradually popularize the experiences of various experimental counties. The professional economic departments should shift their work from exercising direct control over enterprises to formulating plans and technical policies for enterprises, providing information for enterprises, training competent persons for enterprises, and giving management services to them. We

should attend to the building of the economic information network, strengthen the policy-making and advisory systems, and establish and improve various economic rules and regulations and the economic judicial work in order to raise the level of abilities to make macroeconomic decisions and policies and provide regulations and laws for various economic activities. We should amplify and intensify the forces of the auditing, statistical, pricing, and industrial and commercial administrative departments, should constantly perfect and step up the economic supervision, and should put the economic activities under the supervision of laws, so that we can ensure the normal progress of the economic life and promote the development of the social productivity.

3. The Several Tasks That Should Be Emphasized in Order To Fulfill the Seventh 5-Year Plan

In order to fulfill the major tasks and fighting goals set forth in the Seventh 5-Year Plan, we should give full play to our advantage in resources and our favorable conditions while continuing the reform successfully, and emphasize the following eight fields of work concerning economic and social development.

1) We should continue to grasp grain production, and actively develop diverse undertakings. Agriculture is the foundation of the national economy, and grain is the foundation of the foundation. The grain production situation of the Seventh 5-Year Plan period has a direct bearing on the national economy as a whole. Because our province has a population of more than 50 million, feeding the people is a matter of prime importance, and, besides, the development in animal husbandry, aquaculture, food processing industry, and catering and service trades requires increasingly more grain. Our province achieved self-sufficiency in grain production in the past 2 years, but the self-sufficiency level was low. In our history, our province always lacked grain. Of the 33 years from 1953 to 1985, we shipped in grain from outside the province for 29 years, and shipped out grain for the other 4 years. Therefore, we must continue the principle of "never slackening grain production while actively developing diverse undertakings," make grain production successful, and strive to increase its per-unit yields in areas suitable for grain production. While ensuring increased grain production, we should readjust the structure of farming in line with local conditions, and vigorously develop cash crops, such as cotton and oil-bearing crops, and forestry, animal husbandry, and fisheries. In 1990, the province plans to make the grain output reach 22.5 million tons, cotton output 675,000 tons, and oil-bearing crops 1 to 1.1 million tons. We should conscientiously implement the relevant policies of the CPC Central Committee and the State Council, perfect the grain and cotton contracted purchasing system, stabilize the prices of the means of agricultural production, carry out multilayered measures aiming at "supporting rural industries with agricultural production," and basically balance the price ratios among farm products with the guidance of state plan in order to boost peasants' enthusiasm for grain production. We should gradually increase the investment in farmland irrigation projects, and the input for other agricultural purposes, ease the acute energy shortage in the rural areas, strengthen the overall management of the existing irrigation resources, and enhance the

capability to combat disasters. We should strengthen land management, bring the land for nonagricultural use into strict control, resolutely stop arbitrary occupation of farmland, stabilize grain field acreage, and carry out intensive farming. In the eastern part of the province, the areas along the Beijing-Guangzhou railway, and the Heilongjiang area, we should gradually establish corn, wheat, cotton and other commodity production bases, and establish vegetable production bases on the outskirts of large and medium-sized cities. We should greatly expand forestry, animal husbandry, and fishery production. In forestry, we should expedite the construction of fast-growing and high-yielding forests, and farmland shelterbelts in easily accessible mountainous areas and plains, and further improve the forestry contract responsibility system. Reckless felling of trees should be resolutely banned. We should also greatly develop fruit trees, and intensify the technical management of the existing fruit trees. At the same time, we should emphasize the second-stage construction of the shelterbelts in north, northeast, and northwest China, around Beijing and Tianjin, in areas formerly flooded by the Yongding He, and in Pingshan County, and start the water and soil conservation project in the upper reaches of the Luan He and the Chaobai He. By 1990, we should strive to make 20 percent of the land of our province covered by forests, our forest tree reserves reach 70 million cubic meters, and our fruit production reach 2.5 million tons. In the development of animal husbandry and aquaculture, we should pool the efforts of the state, the collective and the individual, continue to do a good job in specialized production, and contracted operation, grasp animal feed production well, and establish a multipurpose service network. By 1990, we should strive to make our meat output reach 1 million tons, and the output of aquatic products 190,000 tons.

2) We should vigorously develop town- and township-run enterprises to accelerate the pace of economic development. The governments at all levels and relevant departments should consciously strengthen leadership over the development of town and township enterprises since it is a key link to vitalizing our province's economy. In accordance with the local natural resources and market demands and in line with the principle of "giving initiative assistance, making rational arrangement, giving correct guidance, and strengthening management," all localities should proceed from realities to give instructions, make good distribution of the town and township enterprises, and make good efforts to readjust product mix. Farming areas on plains should concentrate on developing industry for processing farm and sideline products. The areas around Beijing, Tianjin, and the large and medium-sized cities of our province should concentrate on developing machinery and various kinds of service trades to serve large industrial enterprises. Mountainous areas should focus on developing building materials and mining industries. Highlands should focus on developing meat and leather processing industries. We should strengthen lateral cooperation, technological transformation, and cultivation of technological personnel in order to upgrade the quality of enterprises. The total income of the town and township enterprises is planned to reach 35 billion to 40 billion yuan by 1990, doubling the figure of 1985. Greater progress should be made in the tertiary industry.

3) We should enthusiastically facilitate a comprehensive development of mountainous and coastal areas and highlands while further developing the

economy on plains. [words indistinct] occupying two-thirds of the province's total areas belong to mountainous and coastal areas and highlands, and more than one-third of the province's total population are living in these places. With so many living things and rich mineral resources, these areas have done a good job in developing and using their resources. In particular, the mountainous areas and highlands are still economically and culturally backward, and their people's living standards are rather low. Thus, during the Seventh 5-Year Plan period, we should firmly grasp the comprehensive development of "mountainous and coastal areas and highlands" in an effort to gradually change their backward situation. In developing these areas, we must persistently carry out the principle of giving instructions in accordance with different actual conditions; bring into full play the advantages of localities to develop commodity economy; pay equal attention to developing farming, breeding, processing, mining and building industries, transportation, commerce, and service trade; and pool the efforts of the state, the collectives, and the individuals. The mountainous areas should carry out comprehensive development of forestry, fruit, livestock, mining and grain production with a focus on developing transportation; enthusiastically popularize the technologies suitable to their local conditions; vigorously develop forestry, fruit production and animal husbandry; and develop mining and building industries in accordance with local conditions. In accordance with the principle of establishing a chain-like coordination between scientific research, production, processing and marketing, we should grasp the precision processing of farm and sideline products. With regard to water and soil conservation, we should comprehensively develop mountainous areas, sloping fields, rivers, and beaches. The coastal areas should rationally develop and use the resources of rivers and beaches, and take the path of breeding high-yield quality aquatic products with a focus on breeding aquatic products such as fish and shrimps. We should grasp the comprehensive development of agriculture, animal husbandry, sideline occupation, and fishery, and the coordinated construction of production, storage, transportation, and marketing. We should make efforts to enthusiastically develop salt industry and tourism, and to build the coastal areas into salt industrial and aquatic products bases. Taking into consideration the forestry, grass, livestock and agricultural development with a focus on animal husbandry, we should enthusiastically develop man-made pastures and enclosed pastures, build shelterbelts around grasslands, and strive to upgrade the livestock farms, ability to raise animals so as to gradually build the highlands into the bases for producing livestock products. The areas that are seriously degenerated into sandy or salinized lands should be given conditions for rehabilitation in an effort to restore their ecological balance. Through further implementing the policies and relaxing the policy restraints, we should give the people in the mountainous and coastal areas and highlands more self-management power in production and operation; and help these areas vitalize their inner potential. We should adopt various forms and open up various channels for collecting funds for development. While mobilizing the masses to collect funds, the financial departments at all levels and banks should give necessary assistance. The province, prefectures, cities and counties should set up special foundations for the development of these areas. All special funds should be allocated to counties in a step-by-step manner. The counties should make a unified plan to rationally use these funds and arrange the funds in the order of importance and urgency. We should strengthen the construction of infrastructures such as water and electricity supply projects and roads, do a good job

in intellectual development, and organize and send scientific and technological personnel to mountainous and coastal areas and highlands. We should conscientiously implement the specific policies of the provincial government on developing the mountainous and coastal areas and highlands in order to accelerate the pace of the development of these areas.

The Heilongjiang area should proceed from local reality in readjusting its production setup continuously, further improve grain and oil-bearing crop production, emphasize the construction of cotton production bases, and greatly expand forestry, fruit production, animal husbandry, and processing of farm and sideline products. It should strengthen farmland improvement projects, tackle drought, waterlogging, and alkaline land in a comprehensive manner, strive to change the outlook characterized by frequent disasters and low yields, and accelerate economic development.

Support-the-poor and disaster relief work should be carried out conscientiously. The provincial, and the various prefectural, city and county governments should formulate plans and institute the responsibility system to help poor households get rid of poverty and achieve affluence. They should particularly support the poor in poverty-stricken areas of minority nationalities, and render active support to their economic, and cultural development.

4) We should give priority to the development of light and textile industries, and strive to increase consumer goods production. Light and textile industries constitute a great advantage in our economic development. A great development in light and textile industries is an important measure to ease the contradiction between market supply and demand, and to bring about an economic leap in our province. During the Seventh 5-Year Plan period, we should focus on textile, food, animal feed, ceramic and medical industries, and strive to increase the production of cotton textiles, woolen textiles, printing and dyeing materials, household electric appliances, animal feed, garments, daily ceramics, paper, leather and other daily consumer goods, medical goods, and minor commodities. In the coming 5 years, while reducing the local investment in capital construction, we plan to make an investment of 2.91 billion yuan in the capital construction and technical transformation of light and textile industries. This figure shows a nearly 100-percent increase over that of the Sixth 5-Year Plan period. In the textile industry, we should emphasize the technical transformation of the export-oriented enterprises of the two major textile bases in Shijiazhuang and Handan Cities in order for them to produce more varied, serialized, and high-grade products. While continuing to develop the production of pure cotton products, and actively expand the production of chemical fibers, we should make efforts to increase the output of woolen and silk fabrics. The province plans to raise its cotton yarn output to 260,000 tons, its cotton cloth output to 1.15 billion meters, and its chemical fiber output to 30,000 tons by 1990. In the food industry, we plan to renovate and expand 10 soft drink plants, 6 beer breweries, and 4 backbone canned food enterprises, and double the output value in 5 years. Animal feed, ceramic, and medical industries should also be accelerated. All light industrial enterprises should pay attention to the development of new products, carry out processing more intensively, and expedite the upgrading and updating of products. Meanwhile, production enterprises should sign contracts with raw material production units for direct

supply of materials, or for cooperative operation in order to establish stable raw material bases. By 1990, the output value of light industry in the entire industry should be raised to more than 50 percent.

5) We should bring the investment in fixed assets under control, and readjust investment pattern to strengthen key projects in energy, transportation, raw material, and telecommunications fields. According to the arrangements of the central authorities of dividing the Seventh 5-Year Plan into two steps, the scale of the investment in fixed assets should be brought under control, and a basic balance between the general social supply and demand should be realized in the first 2 years. The investment in the entire Seventh 5-Year Plan period should also be kept down to a scale commensurate with the capacity of the province. Over-extended investment scale will lead to an imbalance among the major sectors of the economy, and will delay the progress of modernization. In order to fix an appropriate investment scale, and increase the strength for future economic construction, we should further reform and improve the capital construction management system, and establish and perfect the social fixed asset management system during the Seventh 5-Year Plan period. With regard to new capital construction projects, we should make good early-stage preparations, and report to higher authorities and obtain approvals in strict accordance with procedures. Construction of key projects should be meticulously organized and carried out in line with the proper schedule, and its quality should be guaranteed, and cost lowered so that the investment can yield better returns. Except for the construction of middle and primary schools, kindergartens, and teachers training schools whose investment is provided by standby financial resources of the local enterprises and by the extra-budgetary funds, all the investments in the state-owned fixed assets should be incorporated into the scale of capital construction investment. The capital construction loans issued by banks must be incorporated into the capital construction plan. We should strengthen the management over and the guidance of the investments by the collectives and individuals in the urban and rural areas. At the same time, we should readjust the structure of the fixed assets, clear up the ongoing construction projects, and ensure the construction of key projects. We should truly spend the funds for technological transformation and renovation on the technological transformation projects of enterprises in order to promote the technological progress.

During the Seventh 5-Year Plan, the arrangements for the energy, transportation, raw materials, and communications projects are as follows: 1) We should continue to implement the principle of paying equal attention to development and economizing, give prominence to the construction of the power industry, and strive to increase the coal production. At the same time, we should strengthen the geological prospecting work, increase the reserve natural resources, and improve the ability to continue the construction. During the Seventh 5-Year Plan period, we plan to newly build the Shalingzi, Shangang, and Qinhuangdao Power Plants, and expand the Douhe, Tangshan, Shijiazhuang, Xingtai, Handan, and three other power plants as well as the energy-reserve power station of the Panjiakou reservoir. We plan to grasp the construction, continuation, and expansion of the 11 pairs of coal pits run by the collieries whose products are distributed under the unified state plan, attend to the construction of the 33 locally run coal pits, and complete the renovation of 700 small collieries run by towns and townships. We also plan to grasp the

utilization and popularization of new energy resources in line with the principle of "suiting measures to local conditions, making up for the deficiency with sufficiency, comprehensively utilizing energy resources, and stressing on practical results." 2) While ensuring the construction of Daqin railway, a key state project, the localities should give prominence to developing highway transportation, and should accordingly develop local railways and water and air transportation. Construction of highways should spread toward outside places with the focus on improving and linking up the existing roads, and improving the technological situation and passing ability of key highways. We should strive to let highways and railways share the transportation task, and should attend to the construction of key tourist highways. Efforts should be made to open highways and railways in mountainous, coastal, and upland areas. We should strengthen the management of the local railways, renovate the existing railways, tap the potential of transportation lines, and give prominence to the building of the local railways in Weixian County. We should complete the construction of the Cangzhou Dakouhe local small harbor, and should make good preparations for the first stage of the Wangtan Harbor, the Tanggushuixian Harbor, which are newly built, and the Dakouhe Harbor, which is under expansion. 3) We should vigorously develop the metallurgical industry, the building materials industry, and the production of the basic chemical industrial raw materials, should pay attention to readjusting product mix, and should enhance the depth of the processing industry. We should emphatically grasp the expansion and renovation of the Tangshan, Xuanhua, Handan, and Chengde Iron and Steel Plants, should pay attention to the technical transformations of the Handan and Qixin Cement Plants, and the second broaching project [er la gong cheng 0059 2139 1562 4453] of the Qinguangdao Glass Fiber Plant, should complete the project of the Qinhuangdao float glass production line, should successfully draw and digest the equipment imported by the Jidong Cement Plant, should actively develop new glass products and building ceramic products, and should expand the production capacity and the foreign exchange earning capacity. Meanwhile, we should grasp the construction of the Tangshan Soda Ash Plant, and the Qinhuangdao Phosphate and Ammonium Plant, and the renovation of the Cangzhou and Xuanhua Chemical Fertilizer Plants. 4) We should expand the local calling and long-distance calling capacity of the urban areas, strengthen the construction of the modernized communications means, and improve the communications situation of Shijiazhuang and the coastal open cities. In towns and townships, we should gradually form a multi-channel and multilayered postal and telecommunications network under which the key and branch lines are linked with each other.

The machinery and electronics industries constitute the outfit department of the national economy. During the Seventh 5-Year Plan period, we should readjust and organize various kinds of integrations with the focus on the key enterprises and the key products. Through the import of advanced technologies, we should promote the development and application of the organic integration of the micro-electronics technologies and the machinery electronics technologies, should accelerate the pace of the self-renovation of technologies, and should accelerate the upgrading and updating of products. We should gradually attain the goal of producing products according to the international standards.

6) We should vigorously develop scientific, technological, and educational undertakings, speed up intellectual development, and promote technological progress. In order to greet the challenge of the new technological revolution, we should further implement the policy that economic construction must depend on technological progress and that scientific and technological work must cater to the needs of economic construction, and should consider scientific and technological progress as one of our important strategic plans. During the Seventh 5-Year Plan period, the scientific and technological sector should attend to the three fields of work centering on the development of major trades, competitive products, "mountainous, coastal, and plateau areas," and township enterprises and the establishment of commodity producing bases: First, we should vigorously implement the "spark plan" which mainly serves township enterprises and stresses the development and application of technological projects which require a short construction period and yield quick results. Second, on the basis of breeding major crops, fruit trees, livestock, poultry, and good strains, we should comprehensively develop major areas and carry out scientific and technological research in foodstuffs, animal feed, building materials, textile, medicines, microcomputer application, and biological engineering, organize scientific, and technical forces to tackle technical problems, and to solve key problems in the course of production and construction. Third, we should extensively promote and apply effective scientific and technological findings that yield quick results. During the Seventh 5-Year Plan period, we should carry out 31 key joint research projects and popularize 100 key scientific and technological findings and new technologies. Furthermore, we should strengthen seismological research and raise the level of prediction and forecast. In order to speed up scientific and technological development, we should conscientiously reform the scientific and technological system and the method of allocation of funds, expand the decision-making power of scientific research units, implement the system of the research institute directors assuming full responsibility, the system of signing technological contracts with foreign countries, and the contract responsibility system in carrying out technical projects, open up new sources of funds for scientific and technological projects through various channels, and gradually set up scientific and technological development funds as well as award funds so that scientific research units will have vitality in making progress through self-reliance and in serving economic construction. We should develop technological markets and speed up the commercialization of scientific and technological findings. We should also establish and improve socialized scientific and technological service organizations at all levels in counties, townships, villages, and communities, improve the technological development organs of enterprises, promote lateral cooperation among universities, colleges, research units, and production units, and form new scientific research and production associations. Technical personnel who have scored great scientific research achievements should be given handsome awards. Meanwhile, we should do a good job in popularizing scientific research findings, in digesting and absorbing import technology and in blazing new trails, rapidly change scientific and technological findings into productive forces, and raise the province's science and technology to a new level.

The social sciences sector should apply the basic Marxist theories, strive to explore objective laws from all fields in the course of building socialism,

deeply explore and study major theoretical and practical problems focusing on Hebei Province's economic development strategy, system reform, production and construction, and produce a number of research findings of a fairly good quality.

Education is a foundation for promoting scientific and technological progress and for realizing the four modernizations. Paying great attention to education is our firm and long-term strategy. During the Seventh 5-Year Plan period, we should further balance the internal and external relations in the educational sector in line with the demands of "serving the modernization program, the world, and the future," define a rational scope and structure, and gradually form an educational system that meets the needs of the "four modernizations" construction program. In the Seventh 5-Year Plan, we should prominently stress the popularization of the 9-year compulsory educational system. Economic and cultural development has been uneven in various localities, therefore, we should adhere to the principle of seeking truth from facts and suiting measures to local conditions while conducting the 9-year compulsory education. We should not seek uniformity and deviate from reality in order to pursue high targets. We should carry out specific measures for giving instructions in accordance with different actual conditions. While consolidating and popularizing primary school education, the areas with better economic foundations should ensure an accomplishment of the work of making middle school education universal. The areas with ordinary economic conditions should concentrate the first 2 years of the Seventh 5-Year Plan period on popularizing primary school education, and then base on the achievements in popularizing primary school education to create conditions for making middle school education universal. Remote mountainous areas, highlands, and the areas with poor economic conditions should strive to basically make the primary school education universal in 3 years and beyond. All prefectures, cities, and counties and even townships should persistently proceed from actual conditions to work out fighting targets for making primary school education universal, and then carry them out in a step-by-step manner. We should conscientiously grasp the work of wiping out illiteracy; and develop preschool education and the education especially for disabled people and retarded children. We should continue to carry out the reform of secondary educational structure; vigorously develop vocational and technical education; adopt various ways to run full-time vocational middle schools, agricultural middle schools, technical schools, and schools for staff members and workers; and strive to change the unitary situation of ordinary education. We must make great efforts to develop teachers training education since it is a basis for cultivating talented personnel. We must pay special attention to developing the county-level teachers training schools and advanced schools for teachers. We should focus the development of ordinary higher education on tapping the potential of existing institutions of higher learning, expanding the quotas for enrollment, and upgrading their educational quality. At the same time, we should further readjust the proportions between different categories of courses and between various specialized courses, and speed up the development of the branches of learning which we are short of, which we have not had, and which we are weak in. With regard to the development of adult education, we should strengthen the training courses for in-service workers through radio, television, correspondence, and press in order to upgrade the educational level of the vast number of cadres, workers, and peasants.

We should strive to improve public health and sports work. Through implementing the principle of "putting prevention first" we should strengthen the prevention and cure of infectious and endemic diseases, and pay attention to preventing and curing the patients suffering from hypertension, apoplexy, and malignant tumors. The medical and public health departments at the provincial, prefectural, and city levels should give professional training and guidance to the rural medical units below the county level, organize key medical workers to make a circuit of different areas to give treatment. We should continue to set up and consolidate various kinds of medical cooperative associations. By making the most of the province's advantages, we should strive to develop traditional Chinese medical science and the production of traditional Chinese medicines. We should strengthen environmental protection work; strictly implement the "law on environmental protection" and the provincial regulations on environmental protection, and strive to improve the environmental sanitation of the urban and rural areas. We should unswervingly carry out the planned parenthood work; and continue to advocate the one-couple and one-child practice, to control a second birth, and to resolutely stop multi-births in an effort to continue keeping under control our province's natural population growth rate. We should strive to promote a scientific and socialized sports work, widely launch mass sports activities, upgrade the sports technical levels, bravely scale new heights in sports, and ceaselessly improve the people's physical and health conditions.

7) We should strengthen financial and banking management and the management of tax revenue in order to increase the revenue. Finance is an issue relating to the whole situation as well as an important condition and guarantee for the economic development and the realization of the Seventh 5-Year Plan. During the Seventh 5-Year Plan period, we should continue to reform the financial and tax systems; study ways for making, collecting, and using money in the new situation; and make efforts to make financial departments become management and operation departments in a step-by-step manner. The financial departments should vigorously support the development of commodity production and focus on upgrading the economic results to flexibly use funds and open up financial resources. We should further strengthen tax revenue, firmly grasp the basic work for the management of tax revenue, stop all loopholes and upgrade the level of tax collection and management work. We should conscientiously strengthen financial construction and do a good job in increasing revenue and reducing expenditure. We should study and work out correct financial policies and reasonable regulations on financial affairs in order to bring into full play the role of the financial and tax revenue departments as an economic lever. We should reduce nonproductive expenses and administrative funds. Budgetary funds should be properly managed, and both budgetary and extra-budgetary funds should be planned and used in an all-round manner. Finance, tax, and auditing departments should fully perform their supervisory functions to ensure efficiency in fund utilization, and strict enforcement of financial and economic discipline. We should continue the work to help the counties relying on subsidies change such a situation. Such counties should develop production vigorously, expand circulation, and do a good job in increasing revenues and cutting expenditures. We should formulate special policies, and provide necessary money and materials to help them change the situation of relying on subsidies as soon as possible. Banks at all levels should

actively increase savings deposits, tap potential in funds, do a good job in the movement of capital, strengthen guidance to and regulation of the macro-economy, and raise the benefit from fund utilization.

8) We should expand foreign trade, and strive to enhance our ability for earning foreign exchange through export. Faced with a new situation of further opening to the outside world, we should continue to expand foreign economic and technological exchanges, and strive to enhance our ability for earning foreign exchange through export during the Seventh 5-Year Plan period. We should vigorously organize the supply of commodities for export, and, in line with the principle of "allowing those who create foreign exchange to be benefited," adopt the method of allowing goods supplying units to share a certain amount of the foreign exchange they create so as to encourage them to export more and earn more foreign exchange. Based on the actual conditions of our province, we should give prominence to our priorities, make a success of the production and export of highly competitive and staple goods, strengthen the planning and construction of export commodity production bases and specialized plants, and gradually establish an export-oriented production system. We should further open up new international markets while continuously consolidating and expanding the original markets. This year, we should continue to make the international economic and technological cooperation and export trade meetings successful. We should greatly develop tourism, improve the two tourist areas of Chengde and Qinhuangdao, and the two tourist spots of the Qingdong tomb and the Xi tomb on a priority basis, gradually establish a tourist network with the characteristics and styles of our province, make our province more attractive to tourists, and increase our nontrade foreign exchange earnings. We should fully tap the potential for exporting labor service, and undertaking contracted projects abroad, and enhance our ability for earning more foreign exchange through the export of labor service. We should rationalize our import pattern to give priority to the software, advanced technologies, and key equipment commensurate with our economic development level. We should utilize more foreign funds, and use them emphatically in light and textile industries, energy, communications, and raw material industries, and the technical transformation and equipment renewal of the existing enterprises, and successfully combine foreign fund utilization with technology import, and technical transformation. We should also strengthen control over the projects to be imported, and the planned management of foreign fund utilization to avoid blind acts. As the only open coastal city of our province, Qinhuangdao City should enhance its role as a window to the opening to the outside world, intensify the construction of the economic development zone, score greater achievements in foreign economic and technological cooperation, and become a gateway of our province's foreign trade.

Fellow deputies!

The goals of the Seventh 5-Year Plan are grand, and its tasks are arduous but we can realize them through hard work. It unfolds in front of the people an encouraging brilliant prospect. The People's Governments at all levels should conscientiously organize its implementation, and resolutely carry it out.

In order to ensure the successful fulfillment of the Seventh 5-Year Plan, we must grasp the two civilizations simultaneously. Economic work is the center

of socialist modernization, and ideological and political work is the guarantee. Following economic enlivening, and opening to the outside world, the people have acquired much new knowledge and many new ideas which correspond to modern civilization. However, inevitably, something negative has been brought in, which if not conscientiously tackled, will hinder the smooth progress of reform and construction. Therefore, we should vigorously strengthen the ideological and political work, and should conduct ideological education among the large number of cadres on patriotism, collectivism, communism, and on the cultivation of lofty ideals, moral integrity, cultural accomplishments, and discipline through the methods of vigorously propagating and commending the model deeds of the advanced units and figures. In this way, we can help the large number of cadres foster lofty communist ideas, consciously observe social ethics and professional morality, enhance their spirit, and actively plunge into the practice of realizing the Seventh 5-Year Plan and into the socialist modernization drive. All levels of cultural, broadcasting, television, press and periodicals, and publishing departments should adhere to the orientation of serving socialism and the people, should give top priority to social benefits, should frequently go deep into the reality of life, should maintain close ties with the masses, should be brave in making innovations and blazing new trails, should create still more and better spiritual products for the people, should enrich the people's cultural life, should foster the people's lofty moral values and healthy aesthetic standards, and should encourage the people to enthusiastically dedicate themselves to the four modernizations. In line with the economic development, we should appropriately increase the investment in the capital construction of the cultural and art undertakings. We should attend to the management of the cultural undertakings, and pay attention to the economic efficiency on the premise of paying attention to social benefits. We should also encourage and support the literary and art workers to create still more literary and art works. We should continue to penetratingly conduct the "five-stress, four-beauty, and three-ardent love" activity, and should eliminate "dirtiness, disorder, and poor service" in the urban areas in order to make the urban environment green, clean, and beautiful. We should attend to urban planning and construction. In particular, we should effect a great change in the public health and environment of the various counties around the province's capital and of the nine cities under the jurisdiction of the provincial authorities. We should strengthen the propagation and education on the legal system, should deal strict blows to serious economic crimes and criminal offenses, should strengthen the comprehensive administration over public security, and should foster the good atmosphere of supporting the healthy trend and checking the evil trend. We should promote the fundamental improvement in social conduct, and create still better social environment for reform and construction.

To ensure the successful realization of the Seventh 5-Year Plan, government departments at all levels should vigorously grasp the implementation of this plan. They should be determined to rid themselves of the "excessive meetings and documents," should go deep into the reality of life to conduct investigations and studies, should formulate feasible and effective measures in line with the fresh experiences created by the masses and with the local conditions to creatively implement the principles of the central authorities and achieve success in the work. It should be advocated that cadres at all levels, leading cadres in particular, tell the truth, do solid work, give consideration to

the overall situation, stress on the unity and practical results, and compete for making contributions. Cadres should foster the idea that "leadership means service," should consciously accept the supervision from the large number of the masses, should resolutely resist the corrosive influence of using powers to seek personal gain, should be honest in performing their official duties, should observe discipline and laws, should work assiduously, and should serve the people wholeheartedly.

Now we are in the period of great historical change. The province's Seventh 5-Year Plan is a majestic blueprint of the four modernizations. We must unite as one under the leadership of the CPC Central Committee, the State Council, and the provincial CPC Committee, and depend on the people of all nationalities across the province to work hard in line with the spirit of the Foolish Old Man who removed the mountains in order to successfully accomplish the province's Seventh 5-Year Plan!

/12712

CSO: 4006/1103

PROVINCIAL AFFAIRS

SHANDONG GOVERNOR REPORTS ON SEVENTH 5-YEAR PLAN

SK120000 Jinan DAZHONG RIBAO in Chinese 21 May 86 pp 1-3

[Report on the Seventh 5-Year Plan for National Economic and Social Development delivered by Li Changan, governor of the Shandong Provincial Government, at the Fourth Session of the Sixth Provincial People's Congress on 10 May]

[Text] Fellow deputies:

Following a period in which the people at both the higher and lower levels had repeatedly discussed the issues relating to drawing up the Seventh 5-Year Plan for national economic and social development, we began to make calculations and appraisals from the beginning of 1984 and then put forward a preliminary plan on the basis of extensive listening to the opinions of specialists and scholars. After the National Conference of Party Delegates held last September, the provincial government solicited opinions from the cities, prefectures, and departments, and then drew up a draft Seventh 5-Year Plan in accordance with the basic principles and the guiding principles set forth in the "Proposal of the CPC Central Committee for Formulating the Seventh 5-Year Plan for the National Economic and Social Development." Recently, the provincial government made up and readjusted the draft plan in accordance with the Seventh 5-Year Plan adopted at the Fourth Session of the Sixth NPC and the opinions discussed at the seventh plenary session of the fourth provincial CPC committee. I now submit to the session a report on the province's Seventh 5-Year Plan for the National Economic and Social Development for examination and approval, together with the draft plan, by the fellow deputies.

1. The Successful Fulfillment of the Sixth 5-Year Plan Has Laid a Solid Foundation for the Economic and Social Development During the Seventh 5-Year Plan Period

Our province began to implement the Sixth 5-Year Plan from 1981. Under the leadership of the CPC Central Committee, the State Council, and the Shandong Provincial CPC Committee, the governments at all levels and the vast number of the people conscientiously implemented the line, principles and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee, persistently carried out the four basic principles, worked unitedly, were eager to make progress, and made great achievements in the socialist

material and spiritual civilizations. Through comprehensively bringing an order out of chaos, the political situation characterized by stability and unity was further consolidated and developed: and the people's mental outlook was improved deeply. After the party had shifted the focus of its work, we ceaselessly corrected the ideology for guiding the economic work, readjusted the national economy in a planned manner, gradually carried out the reform of the economic structure with a focus on the urban economy and the reform of the scientific and technological system and the educational system, and enthusiastically carried out the policy of opening to the places in and outside the country. Thus, the serious situation of economic dislocation changed and a rapid development of the national economy and the social undertakings was facilitated. The province met or topped all targets set forth in the Sixth 5-Year Plan ratified at the provincial People's Congress. In 1985, the province's total industrial and agricultural output value reached 89.44 billion yuan, surpassing the target set forth in the Sixth 5-Year Plan by 21.94 billion yuan. The annual average increase of the total industrial and agricultural output value during the Sixth 5-Year Plan period was 11.3 percent. Of this, the annual average increase of the agricultural output value (including the output value realized by the village-run industrial enterprises) was 10.3 percent. National income reached 47.3 billion yuan, surpassing the target by 13.8 billion yuan and registering an annual average increase of 11.8 percent. Revenue reached 6.753 billion yuan, surpassing the target by 1.053 billion yuan and showing an annual average increase of 11.4 percent. Thus, the petrified economic structure characterized by closed pattern has been replaced by a new one appropriate to the planned development of a commodity economy. The governments at all levels paid more and more attention to quality and efficiency, intellectual development, scientific and technological progress, and the coordinated development of the economic and social undertakings. A new situation characterized by vitality and prosperity has emerged in both the rural and urban areas and on the economic, scientific and technological, and cultural and educational fronts. We may say that the entire period of the Sixth 5-Year Plan was a period in which we were ceaselessly pioneering the road of advance; great changes and development were made; and the province made the most vigorous development in the economic construction since the founding of the PRC.

The past 5 years have been a period with the fastest development in the rural economy. With the guidance of party principles and policies, our province's rural reform was gradually deepened; the household output-related contract responsibility system was continuously consolidated and improved; the production setup was rationalized step by step; and the self-sufficient, and semi-self-sufficient rural economy was being transformed into a commercialized, specialized, and modernized one. During the Sixth 5-Year Plan period, the province's growth in agricultural output value was more than three times greater than the average growth of 3.1 percent achieved during 1953 and 1980, and the growth rates of crop farming, aquaculture, and township enterprises were also the ones rarely seen in history. The grain output of 1985 was 7.535 million tons more than that of 1980, an increase greater than in any other 5-year plan periods. The 1985 per-capita amount of grain reached

407 kg in our province, which represented an all-time high. In 1984, the cotton output was 1.725 million tons, and last year, despite the planned reduction of cottonfields, the actual output--1.062 million tons--was still two times greater than the highest annual output of any previous 5-year plan periods. Township enterprises, whose total income of 1985 reached 24.19 billion yuan, averaging an annual increase of 32.6 percent, became one of the important pillars of the rural economy. An important factor contributing to the increasingly better economic situation of the province during the past 5 years was the rapid rural economic development, and the ever stabilized agriculture, which is the foundation

The past 5 years saw the greatest increase in the capacity of energy and communications production. In readjusting the national economy, we paid attention to accumulating strength for future economic development, and concentrated efforts on accelerating the construction of energy, communications, and other strategic priority projects in line with the state unified arrangements. The Shengli and Yanzhou Oilfields expedited their development. A number of large and medium-sized projects, including the No 1 generating equipment of the Zouxian Power Plant, the Yanzhou-Shijiusuo Railway, and the Shijiu Harbor, was completed and commissioned. In the 5 years in question, state-owned units increased their crude oil extracting capacity by 11.85 million tons, raw coal mining capacity by 10.13 million tons, and power generating capacity by 1.269 million kilowatts. During this 5-year period, 4,300 kilometers of roads were built or renovated; 578 kilometers of main railways were laid; the cargo handling capacity of harbors increased by 21.5 million tons; local telephone capacity increased by 76,000 lines; and 842 long-distance lines were installed. Never in our history did we achieve such rapid growth rates in energy, transportation, and telecommunications development of our province.

The past 5 years also represented a period in which importance was attached extensively to science and technology, and education, and a period with the greatest number of achievements and talented people. In the practice of economic construction, we came to understand more and more profoundly that the key to the four modernizations lies in the modernization of science and technology, of which the most fundamental thing is the development of intellectual resources, and the training of talented people. Governments at all levels gradually attached strategic importance to science and technology, and education. During the Sixth 5-Year Plan period, the investment in science and technology, and education from local finance increased substantially, with the total volume reaching 4.09 billion yuan, which amounted to 23.8 percent of the local financial expenditure, a proportion higher than in any other previous 5-year plan periods. All quarters of society took the initiative in donating money and materials, and adopting all means possible to support scientific and technological development, and promote educational undertakings. During this 5-year period, departments, units, and the masses collected more than 1.2 billion yuan (excluding subsidies for the teachers of the schools run by local people) for educational development. Geared to the needs of economic construction, educational, and scientific

and technological departments restructured the secondary education in a planned manner, greatly developed various forms of adult education, actively organized the transfer of scientific and technological results, and carried out extensive mass activities of technical innovation. The masses of scientific and technological, and educational workers worked diligently, shed their heart's blood, and made precious contributions. During the Sixth 5-Year Plan period, the province trained 563,000 specialized personnel at and above the middle level through various measures, and scored 4,606 significant scientific and technological achievements, equivalent to the total scored in the 30 years before 1980. Of these achievements, 119 won the state invention award, and the scientific and technological progress award, and 152 reached the advanced world levels. Such a great number of scientific and technological achievements, and personnel for development constitute an important source of strength for revitalizing Shandong.

During the past 5 years, supply of commodities was even more ample and the urban and rural markets were thriving unprecedentedly. During the Sixth 5-Year Plan period, we adapted ourselves to the new trend of the enhanced consumption level of the people and the changed consumption structure, gave prominence to the production of industrial products in the course of vigorously developing the production of agricultural and sideline products, increased the production of staple commodities which were closely related to the people's daily life, and increased the production of expensive, better-quality and brand-name products which were scarce on markets. Comparing 1985 with 1980, the output of cotton cloth, chemical fiber cloth, machine-made paper, plastics products, and synthetic detergent increased by a range from 15 percent to 230 percent; that of woollen piece goods, beer, electric fans, and washing machines increased by a range from 140 to 950 percent; and the production of color television sets, electric refrigerators, and expensive radio-and-tape recorders grew from nothing to mass production. During these 5 years, we developed a total of 5,000 new products. To suit the development of commodity production and the demand on expanding the commodity exchange, we gradually and penetratingly reformed the circulation system, and began to break with the old single-channel circulation system in which barriers existed between different localities, and the state monopolized purchasing and guaranteed the marketing. In the course of exploiting the predominant role of the state commercial departments and supply and marketing cooperatives, we strengthened the vitality of collective-run commercial departments, and vigorously developed the individual-run commercial units and country fair trade. From 1981 to 1985, the province added 432,000 individual-run commercial centers and 1,357 urban and rural markets, thus beginning to form a new multichannel circulation system which consists of various economic sectors, diversified operational methods, and fewer intermediate links. Along with the readjustment of the purchasing and marketing policies and the flexibility in prices of a part of products, the urban and rural markets become increasingly more brisk. In 1985, the total volume of retail sales reached 27.19 billion yuan, showing an average annual increase of 13.6 percent. The protracted situations of insufficient supply of commodities, buying commodities with coupons, and lining up to buy commodities have been changed basically.

During the past 5 years, the pace of developing economic relations and trade with foreign countries and exchanging technologies with foreign countries was accelerated continually. During the Sixth 5-Year Plan period, we adhered to the principle of opening up to the outside world, based ourselves upon the province's economic development and the improvement of the technological level, and actively conducted economic and technological exchange and cooperation with foreign countries. In terms of foreign trade, the market expanded constantly, the method became more flexible, and a stable increase in export and foreign exchange was maintained despite the acute competition on the international market. During the Sixth 5-Year Plan period, the total volume of foreign exchange earned \$10.3 billion, doubling that of the Fifth 5-Year Plan period. In utilization of foreign capital and import of technologies, we gradually changed from mainly developing compensatory trade and the processing and assembly industries into developing joint-venture business, cooperative business, and cooperative production; and from mainly importing "hardware" into importing "software." From 1981 to 1985, in addition to using the state loans which were granted and returned in a unified manner to develop 11 large and medium-sized construction projects, our province signed 401 foreign capital utilization contracts, attracted \$264 million in investment from foreign traders, built 43 joint-venture and cooperative enterprises with domestic and foreign investments, and imported technologies and equipment to renovate more than 500 enterprises. The labor service cooperation and tourist trade also developed from small into large industries, and the income of foreign exchange from non-trade transactions showed some increases. The rapid development of the economic and technological exchange with foreign countries will vigorously help narrow the gap between our technological level and the advanced international technological level.

During the Sixth 5-Year Plan period, the level of people's material and cultural livelihood improved by a biggest margin. During the Sixth 5-Year Plan period, governments at all levels paid attention to readjusting the proportion between accumulation and consumption, and tried their best to repay the bills due accumulated for a long time in the people's livelihood. Along with the development of industrial and agricultural production, we raised the prices of agricultural and sideline products in a planned way, gradually relaxed the control over the prices of agricultural and sideline products, increased the wages of workers and staff members, gave more jobs to job-seekers, increased the investment in building residential houses, developed the cultural, public health, sports, press, publishing, broadcasting, television, women's and children's health protection, and social welfare undertakings, and effected a marked improvement in the cultural and material livelihood of the urban and rural people. As compared with the 1980 figure, the 1985 per-peasant net income increased by 202.6 yuan and the average cash wages of staff members and workers by 334 yuan. If the price hikes are factored in, the yearly average per peasant income showed a 13-percent increase. The per capita income of households of urban staff members and workers, which was spent on livelihood showed an average 7.7-percent increase. The total number of urban employed personnel increased

by 1.5 million. The total deposits of both the urban and rural people showed a 3.5-time increase. Households have bought more and more high- and middle-class consumer goods, and the people's food, clothes, and daily necessities have become nutritious and diversified. Over the past 5 years, the public-owned units throughout the province have built new houses of 16.46 million square meters of floor space, added 11,000 new patient beds among the hospitals, and built a large number of cultural and sports facilities. The broad masses of art and literary workers have created a large number of art and literary works with higher quality. The publication volume of books, newspapers, and periodicals has shown a great increase over the former figure. The physical culture and sports work has created a new situation, the provincial sportsmen have won 457 gold, silver, and bronze medals at the international or domestic sports games, and a large number of athletes have become outstanding. The great improvement of the people's material and cultural lives has been personally experienced by both the urban and rural people over the past 5 years although the improvement in this regard still needs to be further enhanced. In formulating the Sixth 5-Year Plan, one of our important guiding ideologies was to take into consideration the 5 years' need, to have an eye to long-term development, and to make a good start in making the economy prosperous in the 1990's, fulfilling the target of quadrupling annual industrial and agricultural output value, and enhancing reserve strength. Through the 5-year efforts, we have fulfilled the target, and we have not only taken a great step in conducting reforms in economic systems, but have also achieved a steady, stable, and harmonious development in the national economy, which has created conditions and laid a foundation for fulfilling the Seventh 5-Year Plan for economic and social development.

First, we have a foundation for unified thinking. The Sixth 5-Year Plan period was an important stage at which the entire party made a strategic shift in its work emphasis. The people's governments at all levels abandoned the erroneous line of "taking class struggle as a key link," shifted their efforts in a timely manner to economic construction, gradually did away with the influence of formalism and the product economy by continuously eliminating the "leftist" idea and correctly drawing the lessons and experience gained in the past, upheld the principle of seeking truth from facts by doing things in line with the objective economic law, and paid attention to bringing into play the role of the law of value and the market mechanism. The change in conception has enabled us to have common language and unified will in conducting reforms and enforcing the policy of opening to the outside in order to enliven the domestic economy and in developing a socialist commodity economy in a planned manner. This will play a long-term and tremendous role in spiritual forces.

Second, we have laid a broad foundation among the masses. Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has conducted reforms in the outdated systems hindering the development of productive forces and brought into play the positive factor in various circles by formulating a correct line, adopting a series of principles and policies in conformity with the people's desire, redressing some false and framed-up cases, and dealing with some leftover problems from the past. Thus, the mind of cadres and the masses has been eased, the outlook of rural areas has been

changed; the economy has been enlivened; and the people have enjoyed more practical benefits. The broad masses of workers, peasants, and intellectuals have personally experienced the party's policy that can actually make the country strong and the people wealthy. Unswervingly following the socialist road and making concerted efforts in building the four modernizations are becoming the conscious action of the people. This is where the fundamental power to make the socialist cause prosperous lies in.

Third, we have more abundant material and technological foundations. On the basis of the implementation of the several 5-year plans and through the further efforts made during the Sixth 5-Year Plan period, our province has greatly enhanced practical economic strength and technological power. Comparing 1985 with 1980, the average per capita amount of grain, cotton, and oil-bearing seeds increased by 25 percent to 87 percent, and the output of crude oil, steel, cement and soda ash increased by 39 percent to 97 percent. The annual coal output still showed an increase of 6.32 million tons although some old mines were shut down and some new mines still cannot reach the designed target. The province achieved greater upgrading in standards of science and technology and of equipment among the industrial enterprises than 5 years ago. In 1985, the province had 367,000 natural scientific technicians, an increase of 100,600 over the 1980 figure, who have basically formed a more integrated scientific and technological system in charge of research, popularization, and service, and a force to overcome technical difficulties. During the Sixth 5-Year Plan period, except that some new enterprises were completed and commissioned, the investment in technical transformation of industrial enterprises showed a 2.5-time increase over the Fifth 5-Year Plan period; more than 7,000 technical transformation projects were completed; and 46,000 single or complete sets of equipment were renewed. This enabled the major technological and equipment levels of industrial enterprises to advance to a level 10 years ahead. All this provided an important material and technological guarantee for us to fulfill the Seventh 5-Year Plan.

Fourth, we had a good external environment. During the Sixth 5-Year Plan period, our province achieved new progress in opening to other domestic and foreign areas, designated two cities to further open to the outside world and five harbors to open to the outside world, established economic and trade relations with more than 140 countries and regions, and established friendly ties with the provinces, prefectures or states of Korea, Japan, France, the FRG, Australia, the United States, Britain, and Mexico, friendly ties between cities and between harbors, and friendly economic partnership. The economic and technological development zones in Qingdao and Yantai cities were provided with an initial environment for absorbing investment from foreign firms. Our province also achieved a great development in the lateral economic ties with other provinces, municipalities and regions, and expanded the cooperation from pure material exchanges to the exchanges and cooperation in funds, technology, talented people, and other fields. So far our province has signed more than 5,500 cooperation contracts with more than 20 provinces,

municipalities, and regions. Opening to foreign countries and other domestic areas created a load of utilizing domestic and foreign resources and markets, and developing our province's advantage.

Fellow deputies! The Sixth 5-Year Plan period was a significant turning point in our province's history of economic and social development. Prior to this period, the wounds caused by the 10-year turmoil had yet to be fundamentally cured; the national economy fluctuated; many contradictions existed; and all neglected tasks were waiting for development. Today when we enter the Seventh 5-Year Plan period, the situation is totally different. Many problems that perplexed us for a long period of time have been practically solved. Five years ago, we could not produce sufficient grain for ourselves. Now, we have achieved self-sufficiency in grain supply and, moreover, the areas to which grain had to be supplied by other places began to make contributions to the state in grain supply. Five years ago, more than one-third of our province's population did not have adequate food and clothing, but now not only has our province satisfied the people's basic needs in food and clothing but also some units began to become affluent. For a period of time before 1980, our province suffered successive financial deficits. During the Sixth 5-Year Plan period, under the circumstances that various undertakings were developed continuously, and expenditures increased greatly, our province achieved a balance between the revenue and the expenditure of the same year with a small surplus in most of the years. At present, the financial strain as a whole has been greatly eased as compared with that of 5 years ago. In a short period of 5 years, these major problems concerning the national economy and the people's livelihood were solved faster and more successfully than we had anticipated. Although some destabilizing factors still exist in our economic activities, and there are still many objective difficulties, our tremendous achievements scored during the Sixth 5-Year plan period and the profound changes in various fields were incomparable with those of any other previous 5-year plan periods. The outstanding contributions to the fulfillment of the Sixth 5-Year Plan made by the people throughout the province, the various democratic parties and mass organizations, patriotic Overseas Chinese, and the PLA commanders and fighters were obvious to all. People's congresses at various levels and their Standing Committees exercised effective supervision over the work of the people's governments, thus ensuring the smooth implementation of the Sixth 5-Year Plan. On the basis of the achievements scored in the Sixth 5-Year Plan period, as long as we continue the reform persistently, open to the outside world, and perseveringly grasp the "two civilizations" simultaneously, we will certainly create a further new situation in the Seventh 5-Year Plan period.

2. The Guiding Ideology, Fighting Goals and Major Tasks for the Economic and Social Development During the Seventh 5-Year Plan Period

The Seventh 5-Year Plan period is a period to consolidate and develop the achievements made during the Sixth 5-Year Plan period as well as decisive period to lay a foundation for rejuvenating the economy in the 1990's.

In accordance with the requirements for the Seventh 5-Year Plan adopted at the Fourth Session of the Sixth NPC, in the Seventh 5-Year Plan period, we must create favorable economic and social environments for reform to ensure further smooth progress in reform, prepare necessary reserve strength for ensuring the faster economic and social development in the 1990's, and gradually improve the people's livelihood on the basis of developing production. The draft Seventh 5-Year Plan has stipulated that we should proceed from these basic tasks and work on the premise of ceaselessly upgrading the economic results to ensure that the annual average increase of the total industrial and agricultural output value should be 7.6 percent; that of GNP should be 8 percent; that of the national income should be 7.4 percent; that of the retail sales of commodities should be 11.4 percent; that of total export value should be 10 percent; and that of revenue should be 8 percent. In accordance with these growth rates, by 1990, the province's total industrial and agricultural output value will reach 129.1 billion yuan. Of this, the total agricultural output value accounts for 33.6 billion yuan, showing an annual average increase of 4 percent, (if the output value realized by the village-run industrial enterprises is included, the total agricultural output value will be 49.6 billion yuan, an average annual increase of 7 [words indistinct] total industrial output value accounts for 95.5 billion yuan, showing an annual average increase of 9 percent, (if the output value realized by the village-run industrial enterprise is excluded, the total industrial output value is 79.5 billion yuan, an annual average increase of 8 percent). The per capita income will reach 979 yuan by 1990, an annual average increase of 5.4 percent. The proportion of the tertiary industry in the GNP will rise from 16.2 percent in 1985 to 21.2 percent. At that time, our province's economy will become more and more prosperous and have more solid material foundation; the people's livelihood will be further improved; and we will be able to prefulfill the target for first doubling and to make greater progress in the course of making the people rich and Shandong prosperous.

The economic growth rate and all fighting goals set forth in the province's Seventh 5-Year Plan were defined in accordance with the principle of seeking truth from facts and acting according to our capacity, and the requirement for basically keeping balance between the total supply and the total demands; by taking into consideration the requirements for development in the following 5 years or so, and the actual levels attained during the Sixth 5-Year Plan period; through objectively analyzing the province's financial and material capacity; and by taking into consideration the further development of the subjective activity of the cadres and the masses. The growth rate defined in the Seventh 5-Year Plan showed a little reduction from the actual levels attained during the Sixth 5-Year Plan period, but we should strive to achieve the work and to surpass the defined targets. We have left proper margin in drawing up the plan and fixing the targets. Thus, this is conducive to the smooth progress of reform, the rational readjustment of the production

structure and the product mix, the further balance of the relations between different sectors of the economy, and the acceleration of the technological transformation among the existing enterprises. The Seventh 5-Year Plan has focused on improving management and operation and upgrading product quality and economic results. These arrangements were made through conscientiously drawing up the historical experiences and lessons and taking into consideration the facts that blindly seeking excessively high growth rate can bring about strains on our economic lives and that the development of all undertakings can be affected by the unduly low growth rate. The plan was set up on the basis of ensuring a stable growth rate so that the province will be able to realize actual economic growth rate and better economic results and the people will be able to gain more material benefits.

The duplications of the draft report on the Seventh 5-Year Plan for the national economic and social development have been distributed to all deputies. Here, I am going to make necessary explanations of the guiding ideology and major tasks set forth in the draft Seventh 5-Year Plan.

1) We should further strengthen the development of agriculture and continue to readjust the rural production setup on the premise of ensuring the stable increase in grain production.

Agriculture is the foundation of the national economy. Only when the rural economy is invigorated can we rapidly develop the national economy. Only when the rural situation is good can we stabilize the overall situation. In the course of drawing up the Seventh 5-Year Plan, we have given full consideration to the important position of agriculture, and prominence to the invigoration of the rural economy. In the coming 5 years, we will continue to comprehensively implement the party's policy concerning the rural areas, penetratingly carry out the rural economic structural reform, consolidate and improve the household output-related responsibility system, and actively and soundly guide the peasants to develop various kinds of cooperative economy. At the same time, we will strive to increase the input to agriculture, strive to gradually restore the investment in water conservancy projects to the level of 1980, further improve the production condition and ecological environment, and strengthen the ability to resist natural disasters. We will also vigorously develop rural scientific and technological undertakings, improve the scientific and technological popularization system in the rural areas, and raise the scale, efficiency and production and technological levels. In addition, we will reasonably readjust the rural production setup, accelerate the change from self-supporting and semiself-supporting economy into the commodity economy and from the traditional agriculture into modernized agriculture.

"Never relaxing the grain production and actively developing diversified occupations" is still the guiding principle for developing the agricultural production during the Seventh 5-Year Plan period. The draft plan calls for making a sustained increase in output of grain and oil-bearing seeds, maintaining a basic stability in cotton output, and effecting a great

increase in forestry, animal husbandry, sideline occupations, and fishery. In accordance with the draft plan, as of 1990, the total output of cotton will reach 32.5 million tons; cotton, 1 million tons; peanuts, 2.75 million tons; and fruit, 3 million tons. Meanwhile, the forest coverage rate will increase from 12 percent in 1985 to 20 percent in 1990; the output of aquatic products will increase from 814,000 tons to 1 million tons; and the output of meat, eggs, and milk will increase from 2.16 million tons to 3.24 million tons. In developing agriculture, we must face the reality that our province has a large population but limited land, and should first take into account the issue of feeding the people throughout the province. Under no circumstances and at no time should we neglect grain in the slightest degree. Viewing from the natural population growth and the change in the people's food structure, and giving consideration to making the development of various undertakings satisfy the demands on grain, we should raise the grain production to a new level during the Seventh 5-Year Plan period. In approaching the issue concerning grain, we should not only fully understand the extremely important nature of grain production, but also notice its instability and arduousness in increasing grain output. The reduction of cultivated land and the blow by natural disasters will restrict the faster growth of grain production. Taking into account these factors, the draft plan has granted a relatively great leeway in setting the target for grain output. We should never be content with the current situation, nor should we see the increased output in 1 or 2 years alone. We must continue to adopt measures to strive for overfulfillment of the target for grain output. In developing grain production, we should further improve and implement various awarding policies, adopt such measures as supporting agriculture with industry, and concentrate efforts on increasing the per-unit output through science and technology on the premise of strictly banning the arbitrary occupation of cultivated land and guaranteeing the stability of grain fields, so that we can ensure the sustained increase in gross grain output.

During the Seventh 5-Year Plan period, the key to whether our province can achieve a new breakthrough in the rural economy established during the Sixth 5-Year Plan period lies in further rationalizing the production setup. The draft plan sets forth higher demands on the development of rural industries, commerce and service trades in addition to paying attention to and strengthening forestry, animal husbandry, and fisheries. In the next 5 years, the total income of the township enterprises throughout the province will increase by more than 15 percent annually. In the rural production setup, we drew lessons from the past practice of taking grain as the key link and unitary production, paid attention to readjustment, and attached importance to the overall development of farming, forestry, animal husbandry, sideline production, and fisheries during the Sixth 5-Year Plan period. When taken as a whole, however, the readjustment was not duly developed in range and quality, and some localities still center their efforts on crop farming. At present, in order to achieve a greater development in the rural economy, it will not work to readjust crop farming alone, and it will not be enough to readjust agriculture only. We should carry out readjustment at various levels on a larger scale, and rationalize the disposition of agriculture, industry, commerce, transportation,

building and other trades. Otherwise, when processing cannot be promoted circulation channels cannot be unclogged and various service trades cannot catch up, the readjustment of agriculture will not be consolidated, and the rural economy will not possibly have a great development. During the Seventh 5-Year Plan period when the rural production setup is readjusted, we should, first of all, adhere to the correct orientation, suit our measures to local conditions, give play to local advantage in resources, develop highly competitive products, and pay attention to the simultaneous development of production, processing, transportation and marketing, and services. Second, we should foster the idea of a commodity economy, strengthen information forecast, master market trends, and carry out readjustment continuously in line with the changes in demands. We should, on the one hand, avoid trying to get things done once and for all and, on the other, strive to guard against deviating from reality and repeatedly making changes without forethought. Third, we should lay stress on the development of township enterprises, greatly promote the processing of farm and sideline products, and the services before, during, and after production, and expand in a planned manner the enterprises in the service of foreign trade and export and in support of large industrial enterprises. Areas where conditions permit may also promote small-scale ore mining and the building material industry, and develop other minor resources in line with the unified plan. In developing township enterprises, we should render active support, work out rational plans, give correct guidance, and strengthen management. With regard to the areas with a better foundation, we should mainly help them in consolidation and improvement, and raise the quality, grades, and standards of their township enterprises. With regard to the areas with a rather weak foundation, we should mainly provide them with more information, encourage them to expand the lateral cooperation with various fields, and try our best to solve their difficulties in funds, technology, talented people, and equipment so that they can achieve faster development. In developing township enterprises, we should also strengthen the control over various trades, protect the environment, and guard against the pollution by the "three wastes."

2) We should accumulate strength for long-term development, and concentrate our efforts on accelerating the production and construction of energy, communications, and raw material industries.

Strained energy and raw materials supplies, and an inadequate transportation capacity are an important factor restricting our province's economic development at present and for a long time to come. When working out the Seventh 5-Year Plan, we have given consideration to both the needs in the development of industrial and agricultural production and the possibility for increasing production and the potential for frugality. The draft plan stipulates that by 1990, the heavy industrial output value of the province should reach 41.8 billion yuan, an annual increase of 8 percent; and the raw coal output will reach 54 million tons, an increase of 9.7 percent in 5 years; crude oil output 45 million tons, an increase of 66.5 percent; electricity output 40 billion kWh, an increase of 52.7 percent; rolled steel output 1.3 million

tons, an increase of 29.2 percent; freight transportation capacity 890 million tons, an increase of 38 percent; and the transactions of post and telecommunications 270 million yuan, an increase of 81 percent. Although we have made great efforts to set forth such targets, which will help ease the contradiction between supply and demand, they still lag considerably behind the actual needs in various fields. Production development during the Seventh 5-Year Plan must be still based on tapping the latent power and practicing economy. The draft plan urges the province to save 8 million tons of standard coal within 5 years. The industries and trades should improve their management; adopt as many new technologies, techniques, materials, and equipment as possible to lower the consumption of energy resources, water sources, and raw materials to the maximum; and do a good job in conducting comprehensive utilization. The transportation, and post and telecommunications departments should accelerate their pace of conducting renovations among their existing equipment, and vigorously upgrade their business effects and service quality.

In order to further relax the strained situation in energy resources, transportation, and raw materials, and to increase reserve strength, our province, under the state unified plan, has made draft arrangements for the Seventh 5-Year Plan period, which include the building of 19 projects of energy resources, 7 projects of railways and communications, and 15 projects of chemical industry and raw materials. These projects include the building of the first-class highway between Jinan and Qingdao cities, the railway between Pingshang and Lanshantou, the seaplane port in Penglai County, the Yaoqiang airport in Jinan City, the Lunan cement plant, the Lunan glass factory, the Weifang soda ash plant, the started project of 300,000 tons of ethylene, the railway between Qingdao and Yangkou, the supplementary line of Jiao-Ji railway, the expansion of the Qianwan port in Qingdao City, the Xigangchi berth in Yantai City, and the building of the power plant in the counties of Zouxian, Huangtai, Shiheng, and Longkou. During the 5-year period, the province will realize an increase of 33.3 million tons in crude oil output, an increase of 20.62 million tons in raw coal output, an increase of 2.75 million in installed power capacity, an increase of 20.9 million tons in volume of freight handled at port, an increase of 2,673 kilometers in the mileage of highways opened to traffic, and an increase of 200,000 lines in installed urban telephone capacity. The successful building of the large and medium-sized projects in energy resources, transportation, and raw materials will not only greatly reinforce the reserve strength of economic construction in the province, but also play an important role in making the economy prosperous throughout the country. We must continuously carry forward the spirit displayed in the Sixth 5-Year Plan period with regard to concentrating our efforts on ensuring the construction of key projects, enhance leadership over the construction, carefully organize building operations, preferentially give guarantee to the key projects in the activities of land requisition, house removal, local material supply, manpower supply, and services for living, and fulfill various construction tasks with high quality and efficiency.

3) Attention should be paid to achieving harmonious development between economic and social undertakings and to vigorously making progress in scientific and technological, and intellectual development.

In realizing modernizations, we have become to rely more and more on the development of technology and talented personnel. Turning out more scientific research results and training a large number of talent personnel not only the urgent need of developing the economy during the Seventh 5-Year Plan period, but also the need of fundamentally accumulating reserve strength for making the economy prosperous and of greeting the new technological revolution in the world. Based on this guiding ideology, while mapping out plans for economic construction in formulating the draft arrangement, we have paid full attention to the development of science and technology, and educational undertakings. Funds used in this regard surpass the increase shown in the regular financial revenues. During the Seventh 5-Year Plan period, we should strive to build a large number of bases in charge of research, exploitation, and experiment throughout the province; to further enhance the building of the ranks of scientific and technological personnel; and to improve scientific and technological conditions to a greater extent. The general higher educational institutions and the secondary specialized schools should train 375,000 graduates during the period, a 74.4-percent increase over the figure scored in the Sixth 5-Year Plan period.

In developing scientific and technological undertakings, it is imperative to deeply implement the decision made by the CPC Central Committee with regard to conducting reforms in scientific and technological systems and the principle of serving economic construction, and to further enhance the vitality of the scientific research units and bring into play the enthusiasm of the broad masses of scientific and technological personnel in order to promote the close combination between the economy and science, technology. During the Seventh 5-Year Plan period, we should vigorously enhance the study of social science in line with the need of conducting reforms and building the economy and change the situation as soon as possible in which the theoretical study is not in conformity with the social practice.

In the sphere of natural science, we should emphatically strengthen the scientific research, technological development, and popularization and application of scientific and technological achievements in the course of continually attending to the basic research. Centering on the major problems which need urgent solution in economic construction and social development, we should conduct joint research programs at various levels, and the focus of the joint research programs should be placed on the technologies to process agricultural and agricultural sideline products, the technological transformation of traditional and superior industries, the key technologies in the weak link of production and construction, the development of the burgeoning technologies and industries, and the science and technology for developing the social undertakings. We should continue to popularize the technological contract system, invite public bidding for tackling problems, develop the lateral ties between scientific research and higher learning institutions and production units, and organize the

scientific and technological forces in all fields to jointly tackle the 24 major scientific and technological problems in order to score achievements as soon as possible. We should vigorously develop and generally popularize those scientific and technological achievements which will yield good and quick results, should organize the spreading of technologies in a planned manner, should further open up technological markets, should accelerate the transfer of new technologies, and should popularize and apply 110 major scientific and technological achievements in 5 years. We should conscientiously implement the "spark plan," should give prominence to grasping 200 projects which need a short period of construction and will yield quick results, should form a number of experimental centers for technological development and bases for training competent scientists and technicians for the rural areas, and should promote the development of the rural economy and, in particular, town and township enterprises. In accelerating the scientific and technological research, development, popularization, and application, we must persistently combine the research of social science with that of natural science, combine the province's scientific research programs with the digestion and application of imported technologies, and combine the research of professional programs with mass scientific experiments and technological innovations in order to conduct scientific and technological popularization activities in a more extensive manner. By the end of the Seventh 5-Year Plan period, we should strive to attain the goal that at least one-third of the existing enterprises in the province will have their equipment renovated; about 40 percent of major industrial products, products for export in particular, will reach the level the developed countries reached in the late 1970's or early 1980's in terms of quality and function; and some superior sciences and technologies will reach the advanced international level.

Competent people are the most important natural resources of the modernization drive, and the foundation for training competent people is to develop the educational undertaking. The draft Seventh 5-Year Plan has placed education and economic construction at the position of the same importance. The general demand is: We should continue to strengthen the educational structural reform; further strengthen preschool education, basic education, and adult education; and reform the secondary educational structure, readjust the speciality establishment of higher learning institutions, and actively develop various forms of workers' education in line with the needs of production and construction so that we can cultivate more and better talents and make a still bigger step in improving the cultural competence of the people throughout the province. As of 1990, the 9-year compulsory education should be popularized in various counties, cities, and districts which cover about one-fourth of the province's population; the proportion of the students bodies of secondary professional and technical schools in the total student bodies of senior middle schools should be raised from 35 percent in 1985 to 50 percent in 1990; the number of students of ordinary higher learning institutions should increase from 84,000 to 130,000; the student bodies of secondary professional schools should reach 255,000, an average annual

increase of 21.4 percent; the number of students attending adult senior middle schools and other specialized schools should also double the present figure. In developing educational undertakings, we must fully mobilize the initiative of all fields, run schools through various channels, at various levels, and with various forms, and strive to improve the conditions for running schools. During the Seventh 5-Year Plan period, we should focus our efforts on improving the teaching quality in the course of tapping the potential of all schools, and expanding the enrollment scale in a planned manner. Educational departments and teaching units should conscientiously implement the principle of "serving modernization, the world, and the future," and should reform teaching contents, methods and systems with an aim to train the students to become talents who are cultivated morally, intellectually, physically, and aesthetically. At the same time, we should actually prevent and correct the trend of seeking to have a large proportion of students enter higher schools. The most fundamental conditions for upgrading the quality of teaching are to strengthen teachers training education, to build the ranks of teachers with higher quality, and to make rational distribution of teachers. From now on, in allocating educational funds, we should give priority to the development of education on teachers training. The existing teachers training colleges should tap their own potential to expand the scale of enrollment and to enhance the capacity of cultivating teachers. The existing institutions of higher learning where conditions permit should set up teachers training classes and teachers training departments, and strive to transfer some graduates to strengthen the ranks of teachers. During the Seventh 5-Year Plan period, the province plans to cultivate 120,000 primary and middle school teachers and 11,000 teachers for vocational and technical schools and secondary specialized schools. At the same time, we should continue to organize institutions for teachers' advanced studies and various kinds of short-term teachers training classes; and plan to cultivate 240,000 in-service primary and middle school teachers through organizing television, sparetime, and correspondence colleges and "lecturers' groups." The governments at all levels should enthusiastically show concern for and support the work toward the people's teachers; strive to upgrade the teaching quality, social positions, and living treatment of the broad masses of the teachers, in particular, primary and middle school teachers; and make efforts to stabilize the ranks of teachers and to form a fine social conduct of respecting the teachers and paying attention to education.

4) We should proceed from improving the overall supply to increase the production of daily consumer goods and to make good arrangements for the urban and rural markets.

Maintaining the basic balance between the overall demands and the overall supply is an important task for the economic work during the Seventh 5-Year Plan period when the people's consumption level will further be improved. In drawing up the Seventh 5-Year Plan, we have given priority to the development of daily consumer goods as well as paid attention to rationally

controlling the increase of consumption funds. The draft plan has defined that by 1990, the province's output value of the light industry should reach 53.7 billion yuan, an annual average increase of 10 percent. This arrangement is conducive to the improvement of market supply, the increase of revenue, and the expansion of accumulation funds. With regard to increasing the production of daily consumer goods, we must pay attention to making the most of our natural resources; take into consideration the demands of both urban and rural areas and the demands of the markets at home and abroad; readjust the consumer goods structure; open up new production avenues; and put the stress on accelerating the development of food, textile, durable consumer goods, medical, medical instrument, paper-making, and daily chemical industries. We should vigorously develop new nourishing foodstuffs, instant foods, colorful cloths, linen fabrics, and tourist products; strive to increase the production of colorful, fashionable clothes, high- and middle-grade leather products, ceramic products, electrical appliances for family use, and various kinds of furniture; and enthusiastically restore and develop the production of local products and the small commodities for daily use. Great changes must take place within the coming 5 years with regard to the quality, varieties, and the quantities of the province's consumer goods. Simultaneously, we must pay special attention to concentrating technology, talented persons, and funds on developing a number of "fist" products with high quality and competitiveness. In order to realize the above-mentioned requirements, we must work out policies and measures for solving the problems in the three fields. First, we should strive to ensure the supplies of energy resources and raw materials and give priority to the arrangements for conducting technological transformation, importing items, enhancing transportation forces, and granting loans. Second, in accordance with the principle in which high quality products are sold at preferential prices, we should allow price parities between products of different qualities. On the premise of basically stabilizing the market prices, we should gradually allow flexibilities to the prices of some products so that the enterprises will be able to readjust their product orientation at any time, to ceaselessly upgrade product quality, and to increase the varieties of products and the production of famous-brand and quality products and the products in short supply. Third, we should set up bases for producing the raw materials for daily consumer goods, and develop the lateral economic cooperation between processing enterprises and raw materials production areas in order to ensure an ample supply of the raw materials for producing daily consumer goods.

Circulation is a bridge linking production and consumption. Ensuring the smooth flow of goods and making arrangements for markets are also part and parcel of the improvement of the general supply. During the Seventh 5-Year Plan period, when we exert great efforts to develop collective and individual commerce, and urban and rural trade fairs, we should also give full play to the role of state commercial units and supply and marketing cooperatives as a major channel. When aiming to support production, we should carry out extensive associations and cooperation between industrial and commercial units, between agricultural and commercial units, and between commercial and trade

units, and adopt measures, such as purchasing by order, commissioned sales, joint operation, and joint marketing, to ensure sufficient goods supply, regulate markets, and stabilize prices. We should make the best use of our favorable conditions in storehouse, transportation, and funds to store commodities in the peak periods and sell them in the off seasons, make proper arrangements to rectify the shortages of seasonal commodities, and in particular, do a good job in the supply of vegetables, meat, eggs, and milk in urban areas. We should actively develop the tertiary industry in the service of production and the people's livelihood, expand its service scope, set up more service units, and upgrade service quality so that it will make duly contributions to promoting production, making the people's lives more convenient, and improving supply.

5) We should correctly handle the relationship between accumulation and consumption, bring the fixed asset investment scale under strict control, and gradually improve the people's living standards.

One of the important ideas guiding our formulation of the Seventh 5-Year Plan is to rationally define the ratio between accumulation and consumption in line with the possibility for the increase in the national income. As a lesson from historical experiences, an excessively high accumulation rate and an excessively tight bowstring will affect the rise of the people's current consumption level, while an excessively low accumulation rate and an excessively fast increase in the consumption funds will also affect economic development and the people's long-term interests. Based on the principle of "first, feeding the people, and second, carrying out construction," the draft Seventh 5-Year Plan keeps the accumulation rate within 30 percent for the very purpose of improving the people's living standards every year on the premise of ensuring a steady growth in production and construction.

Bringing the fixed asset investment scale under strict control is an important measure to guard against an excessively high accumulation rate and an excessive distribution of the national income. While guaranteeing an overall balance in finance, credit, supplies, and foreign exchange, the draft plan arranges that the fixed asset investment of local state-owned units throughout the province will be 16.2 billion yuan in 5 years, and the investment in technical transformation will increase substantially. In view of the inordinately large investment in capital construction in the past few years, the investment in capital construction in the first 2 years of the Seventh 5-Year Plan period will be basically the same as in 1985. We should continue to strengthen the macroeconomic control and management, further eliminate the latent factors for extending the capital construction scale, and in particular strictly forbid undertaking new projects arbitrarily without planning so that capital construction and technical transformation can progress smoothly in line with the plan. We should also pay close attention to rationalizing the investment pattern if we are to effectively control the investment scale. In arranging the plan, on the one hand, we have further strengthened energy, communications, telecommunications, raw material, and

other key projects with the focus on renovation, expansion, and the technical transformation of the existing enterprises, continued to increase the investment in agriculture, science and technology, and education, and also paid attention to the housing construction for staff members and workers, and to urban public facilities that should have been developed. On the other hand, we have controlled general-purpose processing industries and, in particular, made up our mind to cut down the construction of office buildings, auditoriums, hotels, and other nonproductive projects of administrative organs. Arranging our investment in such a way will help raise the overall returns from investment.

The fundamental purpose of socialist production and construction is to satisfy the people's ever growing needs in their material and cultural lives. The draft plan arranges that by 1990 the per-capita net income of peasants will reach 580 yuan (calculated in terms of new standards), averaging an annual increase of 7.3 percent; the actual average wage of staff members and workers will increase by approximately 4 percent annually; and the consumption level of urban and rural residents will grow by 5 percent annually. The draft plan also includes the overall arrangements for labor employment and protection; social security and welfare; urban and rural construction and environmental protection; the construction of urban public facilities and the greening of urban areas; and for the development of the undertakings of culture, public health, and physical culture and sports. During the 5-year period, the province plans to make labor job arrangements for 2 million persons, to rebuild or newly build 20 million square meters of urban resident houses, to add 20,000 new patient beds among the hospitals, and to show a 920-million page increase in the annual publication volume. In conducting public health undertakings, efforts should be made to continuously implement the principle of putting prevention first and paying attention to both urban and rural areas; to deeply carrying out the patriotic sanitation campaigns among the masses with the emphasis on eliminating pests and diseases; to enhance the building of medical facilities; to reinforce or improve the ranks of medical and public health personnel; and particularly to continuously and intensively conduct the work of medical, public health, and epidemic prevention in rural areas in order to relax the strained situation in which the masses have had difficulties in seeing doctors and obtaining hospital treatment. After the fulfillment of these tasks, the quality of the people's livelihood and the labor environment will be further improved. What is needed to emphatically explain is that, in order to achieve unified planning with due consideration for both production and construction as well as the people's consumption, our province has been unable to take an excessively large step in improving the people's livelihood because of the low standard of industrial and agricultural production and the province's dense population. We must adopt a correct attitude toward interests between long-term and immediate targets, foster the thinking of waging arduous struggles and building our country industriously, and must continuously maintain the fine tradition of hard work and humble

living. Conducting the family planning work constitutes a basic policy of our country, which is closely related to the task of upgrading the standard of the people's livelihood. During the Seventh 5-Year Plan period, we will experience the peak of population growth. Therefore, we must earnestly implement the policy on family planning in order to control the natural growth of population within 10 per thousand, to enable the province's total population in 1990 to be less than 81 million, and to achieve harmonious development between population growth and economic progress.

6) We should be based on bringing into play the strong points of various localities, readjust economic arrangements in a reasonable way, and should integrate the development in eastern Shandong with the exploitation of natural resources in inland areas.

In the course of formulating the Seventh 5-Year Plan, we have also conducted study and exploration on the province's long-term strategy of economic development, and, by proceeding from increasing the macroeconomic results, have taken into consideration the issue of making reasonable arrangements for the local economy. An objective and serious imbalance still exists in economic development among the localities throughout the province because of the difference of their foundations and conditions. The Jiaodong peninsula and areas along the Jiao-Ji railroad have a longer history in industrial development and a higher standard in technology and management. However, they are restricted to a certain degree by water sources and energy resources. The vast areas in southern and northwestern Shandong are endowed with abundant natural resources, such as farmland, water sources, petroleum, coal, and building materials. However, they are weaker in economic and technological foundations. Areas at the foot of the Yimeng Mountain and other poor mountains, around the lakes, and along the banks of the Huang He and the coasts in northern Shandong have greater latent power. However, they are very poor in economic and technological conditions and still have many difficulties in production and livelihood. Proceeding from this reality, it is imperative to make reasonable arrangements for local economy and to enable the advanced technology to gradually spread from east to west and to achieve development along the main railroads throughout the province. This is the objective need and inevitable trend of economic development in the province. We should follow the trend and consciously conduct guidance in promoting mutual economic development among the localities and enabling the people to mutually become wealthy.

The key to making reasonable arrangements and readjustment for local economy lies in exploiting strong points and avoiding shortcomings and in enabling various localities to correctly understanding their strong points and to bring into full play their strong points. During the Seventh 5-Year Plan period, areas in the eastern coasts should regard as a target the task of building production structure closely related to foreign trades by enforcing the policy opening to the outside and should adopt new technology to conduct renovations in the traditional industries, to open new industries, and to develop knowledge and technical intensive industries and the products with higher, precise, and sophisticated technology. They should enhance their economic and technical influence and become the main bases of the province in making economic and technical progress. The western inland areas should focus their efforts on

comprehensively developing and utilizing their favorable conditions and natural resources, should vigorously develop the cropping industry, the breeding industry, and the agricultural sideline produce processing industry, should develop the mining industry, the building materials industry, and the traditional superior industries in a planned manner, and should appropriately develop the burgeoning industries, and the knowledge-, technology-, and labor-intensive industries. In particular, the areas in the northwest part of the province should fully exploit their rich land resources to rapidly build themselves into a stable base of the province for producing and processing grain, cotton, livestock, and forestry. Through 5 years of efforts or longer, we should gradually build Qingdao, Yantai, and Weifang into an open peninsula economic zone which has strong ability to spread their products to other places and which has a relatively high technological level; should build Zibo, Dongying, and Huimin into an economic zone in which the petroleum and the petrochemical industries are the key link and agriculture, forestry, animal husbandry, sideline production, and fishery are developed comprehensively, should build Linyi into an economic zone which regard the building materials industry, the mineral industry, the forest and fruit industry, and animal husbandry as the main body and which has the special features of mountainous and coastal areas; should build Jining, Zaozhuang, and Heze into an economic zone in which the coal, power, coke chemical, and petrochemical industries are the key link and industry and agriculture develop in coordination; should build Dezhou and Liaocheng into an economic zone which would predominantly regard agriculture, forestry, animal husbandry, and the farm sideline produce processing industry, and should build Jinan and Taian into an economic zone in which science, technology, education, culture, and tourism are relatively developed, economic and technical levels are relatively high, and the multipurposed function is relatively strong. When arranging for large and medium-sized projects, the draft plan has taken into account this strategy. During the Seventh 5-Year Plan period, all localities should plan for their own economic development in line with this demand in order to make a big step. The provincial people's government will organize "talks between the east and the west" in a planned manner, will organize technical exchange and product spreading, will make overall arrangements for construction projects, and will rationally define the investment targets and talents distribution while drawing up the fiscal plans in order to promote the coordinated development of economy in various localities.

In readjusting economic distribution, we must pay special attention to supporting poverty-stricken areas to change their poverty in the course of vigorously promoting the economic development of the southern and northwestern parts of the province so that the poverty-stricken areas will be able to keep pace with the economic development of other localities. Among the existing poverty-stricken areas in the province, most are the old revolutionary and base areas. Helping these areas out of poverty and become prosperous will not only be conducive to promoting the rationalization of economic distribution, but also has important political significance. During the Seventh 5-Year Plan period, we will continue to implement flexible policies and special measures among poverty-stricken areas, and will give more support to them in the fields of [word indistinct], materials, technology, and competent people. The pertinent

departments at the provincial level and the central cities should consolidate and develop the mutual-supporting relations which have already been established, should implement the plans on supporting these areas to correctly select their superior products and to develop the projects which have just begun, and should first spread those products, which can be spread to these areas. Through relaxing policy restrictions and giving multisided support, we should strengthen the economic vitality of these poverty-stricken areas, should encourage these areas to build themselves through their own efforts, and should strive to raise the peasants' income of these areas to the average provincial level of 1985 in 3 to 4 years.

Fellow deputies! Shifting the economic work as a whole onto the orbit of increasing economic results is an important issue we devoted ourselves to solving during the Sixth 5-Year Plan period but has not yet been solved. All the above-mentioned tasks cover the issues of quality and efficiency. In carrying out the socialist modernization drive, efficiency is an important criterion for judging the contributions and work performance of various trades and professions. We must comprehensively understand the issue of efficiency and foster a correct idea on the issue of efficiency. With regard to efficiency, we mean to produce still more products which conform to the social demand and provide still more accumulations for the state with still less consumption of manpower and materials. Enterprises should pay attention to economic results in making arrangements for production and management. Under the current circumstances in which the prices of commodities deviate from their value and the supply of some commodities fall short of their demands, the enterprises must not regard the amounts of profits that they have earned as the only way to judge their economic results. Never are they allowed to hurt the consumers by illegally engaging in business or manufacturing products in a rough and slipshod manner. Such problems still exist in the agricultural field. It will be impossible to have stable economic results and a good social effect if we put undue emphasis on selling raw materials and agricultural products at high prices at the [word indistinct] our reliance on expanding production, reducing costs, improving quality, and turning grain into the production of other products in order to increase our income. In short, economic results and social effect are related product. The departments whose product quality does not afford with the social demands cannot begin to talk about economic results. Thus, in order to put our work on the course of focusing on raising economic results, we must persistently integrate quantity with quality, economic results with social effects, microeconomic results with macroeconomic results, and immediate interests with long-term interests. During the Seventh 5-Year Plan period, we should fundamentally improve our ideology, and regard the work of raising economic results as the start and finish of all work in order to promote sound progress in the province's economic and social undertakings.

3. The Key To Ensuring a Smooth Implementation of the Seventh 5-Year Plan

It is of great significance for smoothly implementing the Seventh 5-Year Plan to historically and objectively sum up the experiences and lessons gained

during the Sixth 5-Year Plan period, to carry forward the achievements, and to avoid making mistakes. During the Sixth 5-Year Plan period, we implemented the principle of attending to both socialist spiritual and material civilizations, persistently carried out the reform of the economic restructure and the policy of opening to the outside world, paid attention to linking bold exploration with prudent practices, enhanced the vitality of the overall economy focusing on the enterprises, developed external economic trade to upgrade the technological level of all departments, strengthened ideological and cultural construction to promote a turn for the better in social conduct, and explored new ways and accumulated new experiences with regard to the four modernizations. However, there are still many shortcomings and mistakes in our work, but we have gained profound lessons in some fields. With regard to carrying out reform, we have failed to emancipate our minds, to timely discover and resolutely handle new problems, to vitalize the fields that should be vitalized, to balance relations between different sectors inside and outside the large and medium-sized enterprises, to truly delegate to the enterprises the power that the state has delegated to them, or to deeply carry out the reform among enterprises. With regard to strengthening macroeconomic control, the phenomena of excessively rigid control over certain fields has cropped up due to applying the method of managing product economy. With regard to opening to the outside world, we have no high awareness of using domestic and foreign funds and opening the markets at home and abroad or have failed to make an overall study or a unified plan for creating foreign exchanges thorough exports, importing technology, and developing lateral economic cooperation. After the shift in the focus of our work, we only paid attention to economic interests to the neglect of ideological education and at the expense of actively carrying out the ideological and political work and properly linking material awards with spiritual awards. History is the best reference.

Judging from both the negative and positive experiences gained during the Sixth 5-Year Plan period, the key to developing our economic construction and social undertakings in a rapid and healthier manner lies in whether the urban and rural economy has ample vitality; whether the various economic departments have raised their technical level within a short period of time; and whether the broad masses of people have consciously adhered to the socialist orientation. Our pace of advance will not be affected as long as we fundamentally solve these problems even when the natural conditions are poor and the objective difficulties are plentiful. In order to ensure the successful accomplishment of the Seventh 5-Year Plan, we should solve the following three key problems well:

- 1) We should give first priority to reform and further strengthen the economic vitality of the urban and rural areas.

Great progress was made in the province's economic structural reform during the Sixth 5-Year Plan period. The emphasis of the reform has been turned from the rural areas to urban ones and from a partial and single-item reform

to a comprehensive and coordinated one, and from the reform in the production and circulation spheres to that in the scientific, technological, and educational spheres. Reform has mobilized the enthusiasm of the broad masses of people and instilled vitality into various fronts, caused profound changes in the people's mental state, way of thinking, and work methods, and promoted the development of productive forces. Without reform, there would not have been economic prosperity in the urban and rural areas during the Sixth 5-Year Plan period, marked improvements in the people's livelihood, and today's excellent situation. To maintain and consolidate a good economic trend, and to smoothly implement the Seventh 5-Year Plan, we should continue to give first priority to reform.

The overall demands of the economic structural reform during the Seventh 5-Year Plan period are to conscientiously implement the three tasks put forward by Premier Zhao Xiyang at the Fourth Session of the Sixth NPC, to focus our work on basically laying a foundation for forming a socialist economic system with Chinese characteristics, vigor and vitality, further raise the vitality of enterprises, particularly that of the state-owned large and medium-sized enterprises, gradually improve the structure of the socialist commodity markets, and establish a new macroeconomic management system with a focus on indirect control. These three tasks constitute an interrelated organic [word indistinct] and must be carried out in a coordinated manner. Enterprises are a combination of the production relations and the productive forces. Only by grasping the central link of vitalizing enterprises can we discover and discard the defects of the old systems and strengthen vitality of the entire economy. Improving the market system is an indispensable condition for vitalizing enterprises, which can create an external economic environment with vitality and pressure for enterprises. Establishing a new macroeconomic management system is conducive to displaying the vigor of enterprises and ensuring that the microeconomic activities are catering to the needs of the overall situation. During the Seventh 5-Year Plan period, we should continue to create conditions, enable enterprises to rapidly become independent commodity producers and traders with decisionmaking powers for operation and responsibility for their own profits and losses. On the basis of vitalizing enterprises, we should explore ways through practice to improve the socialist market system, and to strengthen management over the macroeconomy. The main reform tasks for this year are to consolidate, digest, supplement and upgrade" the reform work of the past few years, and to make good preparations for making important steps in reform in the next 2 years. To achieve this, we should also have a pioneering spirit, and solve the new problems emerging in our road of advance through reforms. We should concentratedly carry out a comprehensive survey on the implementation of the various regulations of the State Council on expanding the decisionmaking powers of enterprises and the specific methods of the provincial government. The powers withheld by whichever levels and departments should all be immediately decentralized to enterprises. All unreasonable burdens imposed on enterprises that go beyond the regulations of the State Council and the provincial government must be cancelled. The practice of arbitrarily expanding the scope of the mandatory plan and increasing the targets for mandatory products must be resolutely corrected. Within enterprises,

the focus is to reform the old operation system and management methods, widely enforce the various forms of the economic responsibility system with contracts as the major form, launch extensive activities to upgrade management, and, on the basis of the experiments in the system of having plant directors assume full responsibility, popularize in a step-by-step manner the system of having plant directors assume full responsibility for certain targets within their terms of office. We should further improve the purchasing and marketing contract system and the management system regarding farm and sideline products and some industrial goods whose prices are decontrolled, [words indistinct] such issues as how to perform the functions of state commercial units and supply and marketing cooperatives as major channels, how to move funds flexibly and how to help enterprises ease shortages of circulating funds, and stimulate industrial and agricultural development more successfully.

The economic structural reform is a task of prime importance for the next 5 years. We should thoroughly understand the importance and necessity of reform, note its arduousness and complexity, set to rights the relations of reform to other fields of work, and fulfill the various reform tasks for the Seventh 5-Year Plan period with positive and steady steps, and creative and realistic approach. First, the orientation of reform should be firm. Reforming the old system and establishing a new one are a very wide and profound change. In the course of replacing the old system with the new, numerous and complicated situations are bound to appear. Reform of the price system is, fundamentally speaking, compatible with the people's interests because it helps promote production and suit the needs in the changes in the consumption pattern. It is normal that the prices of some commodities are higher, and that there is a great difference in the prices of the same commodities in the peak periods and the off season. We should not waver from reform just because of this. The situation is also the same in reforming the distribution system of eating from the "common big pot." This reform eliminates the contradiction characterized by making no difference between the people who do more work and those who do less, and between the people who do a good job and those who do a bad job, arouse the initiative of most people, and enables them to increase income. However, due to different levels of technology and management, and imperfect macroeconomic management and distribution system, striking differences may occur between enterprises in the course of readjusting their economic interests. This contradiction can only be solved through deepened reform and improved macroeconomic management and distribution system. If enterprises vie with one another for higher economic interests, they can create nothing but a new egalitarianism. In dealing with the problems arising in the course of advancement, it is inevitable that various kinds of attitudes and arguments may appear. At no time should we feel puzzled at superficial phenomena, be perplexed by gossip, and let our confidence in reform be shaken because of this or that kind of problem. Instead, we should always give top priority to reform, and make our arrangements for production, construction and other tasks serve reform and help its smooth progress. Second, we should have the courage to explore in the practice of reform. The economic structural reform we are conducting is a complicated social systems engineering, for which there is no ready way we can adopt, and which should be advanced in the course

of explorations and improved in the course of practice. Although we have had clearly defined orientation and principles for reform, and a clearer picture of the new system, we still have to proceed from reality and rely on the masses to create the new in the course of practice. When reforming the old system and eliminating the shackles of conventions, we are bound to break old rules and laws and the limit of authority stipulated in the past. This calls for the courage to pioneer an insight to create the new. We should not be overcautious whenever we encounter obstacles. Governments at all levels should actively encourage the masses of cadres and people to make explorations in various fields and enthusiastically support anything newly emerging in the course of reform. They should pay close attention to protecting the creative spirit of those keen on reform and refrain from demanding perfection as long as their orientation is correct. They should also make a realistic analysis of the problems cropping up in the course of reform. We should conscientiously avoid big mistakes in reforming the economic structure, but it is impossible to have anything new to be perfect as soon as they emerge, and it is inevitable to have minor problems in the course of explorations. What is important is that leading persons should have the ability to give guidance and help sum up experiences and lessons in a timely manner. They should neither lump together certain imperfect areas in reform and take advantage of reform to seek selfish interests, nor equalize mistakes in reform with discipline violations. Still less should they criticize cadres and the masses frequently to dampen their enthusiasm. The provincial government has decided that the overall reform in selected cities and counties should be deepened continuously; the power of pilot units should be properly expanded; and support should be given to them so that they will advance in reform. It has also decided that Weifang and Yantai cities should experiment with institutional reform and commercialization of residential houses, respectively. All localities and departments should also carry out experimental reforms at different levels. Through explorations, we should truly learn something, accumulate some experiences, enhance our understanding of the objective law governing the planned commodity economy, and continuously push reform forward. Third, meticulous organizations should be made in the course of reform. In order to ensure the smooth implementation of reforms in various fields, we should not only have a firm determination but work out meticulous plans, take steady and safe steps, and make painstaking efforts. Before we put forward a reform measure, we should thoroughly investigate the situation, thoroughly analyze any possible problems and influence, give overall considerations to the capacity of various fields, and guard against any possible risks. In making meticulous organization for various reforms, [word indistinct] more important is that all departments should unify their ideas and steps, and work in close coordination. In implementing the reform measures that have already been decided on, all departments, no matter whether their partial interests are affected or not, should proceed from the overall needs of reform, submit their partial interests to the overall interests, and never seek partial interests alone. In carrying out reform in the past few years, grass-roots cadres and the masses had many complaints about such a situation in which departments impeded one another and offset their strength. More often than not, departments at the middle levels withheld the power delegated by higher

levels to units at lower levels, and one channel was cleared while another was blocked. For this reason, units at the grassroots level were at a loss as to what to do; some policy measures could not be implemented; and the good opportunity for reform was missed. During the Seventh 5-Year Plan period, we should make conscientious efforts to solve this problem, pool the efforts of all quarters, and ensure the successful fulfillment of various reform measures.

2) We should persistently open to foreign countries and other domestic areas, and upgrade economic and technological levels of the whole province.

Persistently opening to foreign countries and other domestic areas is a very important strategic issue concerning the improvement of our province's economic and technological levels, and the acceleration of modernization. Whether the Seventh 5-Year Plan can be smoothly fulfilled, and whether we have reserve strength for still further economic development, are decided, to a very large extent, by the range and quality of our opening to the outside. In the next 5 years, we should continue to promote the friendly contacts with the peoples of various countries in the world, actively expand our exchanges and cooperation with compatriots from Hong Kong, Macao and Taiwan, and Overseas Chinese, and make a breakthrough in utilizing domestic and foreign resources, and opening up domestic and foreign markets. We should explore new spheres in foreign economic relations and trade, and foreign technological exchanges, strive to earn more foreign exchange through export, and increasingly enlarge the scale of foreign capital utilization and technology imports. We should promote broader and deeper domestic lateral economic ties, and score new achievements in the all-direction, multichannel, and highly effective cooperation.

The basis of expanding foreign economic and technological exchanges lies in increasing exports to earn more foreign exchange. Without an adequate capacity for foreign exchange payment, we will not be able to expand the scope of foreign economic and technological cooperation and to import more technologies. In order to increase our foreign exchange earnings, we should rely on the three pillars of commodity exports, development of tourism, and cooperative labor service to foreign countries. The most important one of these three is to expand commodity exports. During the Seventh 5-Year Plan period, we must regard the work of developing export trades and reinforcing the strength of spending foreign exchanges as the issue related to the situation as a whole in the national economy, and, proceeding from the reality, adopt the following correct development strategies: First, efforts should be made to change the practice of exporting what has been purchased into one of organizing production in line with the demands of international markets and to change passive foreign trade into an active one in order to upgrade the strength of foreign trade in meeting an emergency. To achieve such a change, it is imperative to build associations among industry, agriculture, and trade in line with the tasks of developing export products and enhancing the cooperation and coordination between scientific institutes and production units. Those associations with the proper conditions should be organized into economic

entities, and efforts should be made to basically lay a foundation for setting up an export production network in the province during this 5-year period. In 1986 and 1987, the province should make a good start in this regard and be ready to build a large number production bases in line with the new demands and which will be responsible for turning out export commodities, such as cotton, corn, peanuts, fruit, aquatic products, and animal products, and be ready to develop a number of specialized plants, mines, and workshops that will be responsible for producing export industrial commodities. Cities, prefectures, counties, and economic departments should also display such a spirit in designing or developing their favorable export commodities in order to provide stable commodity sources for exports. Second, efforts should be made to change the export commodity structure from raw materials and the preliminarily and roughly processed commodities to ready-made products and precisely processed ones, and to further improve the structure of export commodities. During the 5-year period, our basis must be on exporting more commodities into international markets; reasonably readjusting the product structure; vigorously expanding the proportion of the export commodities of light and textile industries, chemical industry, and electric and machine-building industries; and on gradually developing technological exports. We must upgrade the competitive power, increase macroeconomic results, and create a new situation in export trade by relying on the upgrading of commodity quality and classes and on the lowering of production costs and business expenses. Product competition is actually one of technology. In readjusting the product structure, first of all we should look to upgrading technological standards in order to enable our products to withstand the competition and test of international markets and to gradually narrow the gap between the international advanced standard and ours, through conducting steady technical innovations and through steady improvement. Third, efforts should be made to change the practice of only relying on foreign trade departments in "carrying out exports in isolation" into one of encouraging other departments and social circles to make concerted efforts in developing export production, expanding export trades, and in forming a collective strong point in foreign trade. During the Seventh 5-Year Plan period, we should further upgrade our understanding of the strategic significance of expanding exports to earn foreign exchange. We should not only have the comrades in charge of economic and trade relations with foreign countries know well such a significance, but also have the comrades in other departments know it well. Foreign trade departments should show concern to production and develop commodity sources by starting with supporting production. Production units should regard export expansion as a motivating power to accelerate the pace of making technical progress and striving to export more commodities into international markets.

In expanding the utilization of foreign funds and the scope of imported technology, efforts should be made to place work emphasis on upgrading scientific and technological standards among the departments of the national economy. During the Seventh 5-Year Plan period, we should make reasonable arrangements for foreign investments and readjust the import structure. In

addition to striving to obtain some loans covered by the state unified plan in order to accelerate the construction of the key projects of berths, coal mines, and petrochemical industries, we should also adopt various ways and means to open joint-venture and cooperative business, to conduct cooperative production and compensatory trades, and to open enterprises run by foreign businessmen and firms in order to draw more direct investments of foreign countries and to accelerate the pace of technical innovations among the existing enterprises, particularly among those that are earning foreign exchange by exports and have intensive technology, and among the machine-building and electronic industries that are providing equipment for the departments of the national economy. Meanwhile, efforts should be made to gradually expand cooperation with foreign countries from the industrial field to other aspects. We should vigorously explore the possibility of cooperation with foreign countries in the agricultural field of planting, raising, and the processing of farm and sideline products. In conducting import work, efforts should be made to place work emphasis on importing software, advanced technology, and crucial equipment, and to strictly grasp the import of general processing equipment and integrated production lines. When importing technologies, we should conduct full appraisals on the economic rationalization, advancement, and adaptability, and should guard against blind and duplicated imports. In principle, we should not import those equipment and spare parts which can be produced by our country. At present, our ability to earn foreign exchange is not strong, and the shortage of foreign exchange will be a conspicuous problem during the Seventh 5-Year Plan period. The province and various localities should make careful calculations and strict budgeting, and should strictly control the import of expensive consumer goods and durable goods in order to ensure that our limited foreign exchange will be mainly used to promote technological progress.

Accelerating the construction of Qingdao and Yantai which will be further opened to the outside world, and promoting economic development and technological progress of the inland areas are one of the province's important strategies for economic development during the Seventh 5-Year Plan period. We should continue to implement preferential policies and adopt supporting measures in Qingdao and Yantai in order to enhance their vitality in conducting economic exchange with foreign countries and in spreading their products to other places in the country. Focusing on increasing export, Qingdao and Yantai should readjust economic, production, and product structure, draw still more foreign capital and technologies, accelerate the renovation of existing enterprises, and strive to rapidly build themselves into modernized cities with easily accessible information, strong ability to earn foreign exchange, and relatively advanced level in science, technology, foreign trade, and tourism. The economic and technological development zones of Qingdao and Yantai cities should in 5 years complete the construction of the basic facilities covered by the plan, form a fair investment environment with a relatively strong appeal to foreign traders, and build a number of joint-venture and cooperative enterprises which have a relatively high level in

technology and management. The provincial people's government will further strengthen the leadership over the opening work of Qingdao and Yantai cities, will make good organization and coordination, and will make full use of these two "windows" to transfer the imported advanced foreign technologies and managerial experiences to inland areas through digestion, mastering, and selection in order to enhance the technical and managerial level of the inland areas.

By adhering to opening up to the outside, we mean to open our province to not only foreign countries, but also to other provinces, municipalities, and regions, and to organize lateral economic ties. This is the objective demand for developing socialist commodity economy as well as an inexorable trend of the mass socialist production. Our province has its own favorable condition for developing economy, but also has many difficulties, such as the shortage of funds, raw materials, technologies, and competent persons. Processing from the principle of carrying forward the strong points and avoiding weakness, we should all the more open up our door to develop integration and cooperation with fraternal provinces, municipalities, and regions. During the Seventh 5-Year Plan period, we should further eliminate various kinds of ideological obstructions, should break with the barriers between different localities, departments, and trades, should develop various forms of integrated production, integrated businesses, and integrated development projects with the support of the central cities, should jointly conduct technological diagnosis and jointly tackle technological problems, and should promote the reasonable transfer of funds, natural resources, technologies, and competent people. Lateral economic integration involves a wide range, such as integration inside the production sphere, cooperation between production and scientific research units, the integration between production and circulation, and integration inside the circulation sphere. At present, we should focus on developing lateral integration between enterprises; should establish the relationship of serving each other and depending on each other for existence, with the better-quality and brand-name products as the leader; should form associations of enterprises which are completely different from the administrative companies; should solve the unreasonable ownership system and organizational system of enterprises, and should further strengthen the vitality of enterprises. The forms of association may be through the cooperation in funds and materials, and the cooperation in technology. Through such cooperation, we can bring along medium-sized and small enterprises and town and township enterprises to improve their technical and managerial levels. Governments at all levels should fully respect the autonomy of enterprises and various associations, should strengthen organization and guidance, should carry out reform in light of the defects revealed in the present systems, and should further promote the in-depths development of various associations and cooperation.

3) We should persistently grasp the "two civilizations" to ensure a socialist-oriented economic construction.

Grasping both socialist material and spiritual civilization is a strategic principle for building socialism with Chinese characteristics as well as a

clear-cut special feature of the province's Seventh 5-Year Plan. Historical experiences have proven that whether or not we persist in this principle has an important bearing on the development of the modernization drive. The civilization is the foundation of spiritual civilization while spiritual civilization is the basic guarantee for making material civilization advance along the socialist orientation. During the Seventh 5-Year Plan period, we must correctly handle the relations between the "two civilizations"; grasp spiritual civilization just as what we do the reform, opening to the outside world and economic work; put the emphasis on realizing a fundamental turn for the better in social conduct and public security; concentrate on cultivating new persons with ideals, moral integrity, education, and a sense of discipline; strengthen the ideological, cultural, and legality construction; and enable the people to foster a spirit of enthusiastically dedicating themselves to the four modernizations.

Strengthening the ideological construction and carrying out the ideological education with a focus on communist ideals is a task of primary importance for carrying out the spiritual civilization. The ideological construction during the Seventh 5-Year Plan period should be deeply carried out by concentrating on the following three tasks. First, we should strengthen the education on the current situation and policies; vigorously disseminate the line, principles, and policies of the party and the great achievements made on all fronts; and help the cadres and the people correctly understand the situation, seek unity of thinking, and enhance their confidence. Second, we should strengthen the education on ideals and discipline; and continue to carry out the activities of emulating and learning from the frontline officers and men in the 10 fields, and the activities of learning from the advanced figures on all fronts. The cadres and the masses should be educated to enable them to learn from the advanced, to take the whole situation into consideration, to compete with each other to make contributions, and to become new persons with the "four haves." Third, we should strengthen the education on socialist morality; and guide the people to abide by the social and professional morality, to improve their attitude toward labor and service quality, and to foster new socialist practices. We should make the ideological and educational work suit the new situation of carrying out reform, opening to the outside places and enlivening the domestic economy. We should adopt methods to vividly carry out the ideological and educational work; pay attention to the actual results in the work; consciously avoid indulging in idle talk and practicing formalism; organically link spiritual awards with material awards, ideological education with the solution of the people's practical problems, and explanations in words with teaching through examples; and advocate the practice of leaders directly talking and exchanging ideas and feelings with the masses in order to seek a common language.

Strengthening the construction of cultural undertakings and grasping the production of spiritual products is another important task for the spiritual civilization. During the Seventh 5-Year Plan period, we should focus on upgrading the quality of creative works and propaganda work to further enliven all cultural undertakings and to produce more spiritual products pandering to the tastes of the masses. The spiritual products should be produced in line

with the requirements of focusing on social effect and making economic results submit to the social effect. This requirement is defined by the nature of socialism. All departments in charge of the production of spiritual products and the entire ideological and cultural workers should regard it as their own duty to upgrade the educational level, ideological understanding, and morality of the cadres and the masses; persist in the four basic principles and the orientation of serving the people and socialism; strive to create spiritual products with high artistic level and ideologically healthy spiritual products; and resolutely put an end to the manufacture and dissemination of reactionary, obscene, and unhealthy papers, magazines, and audio and videotapes. With regard to the sports work, we should extensively launch mass sports activities in order to enhance the health conditions of the people across the province. On the basis of developing mass sports activities, we should cultivate and select more excellent sportsmen to create more outstanding achievements.

Adhering to the principle of comprehensive treatment, and carrying out thorough activities to build civilized units and create "quality service, quality order, and quality environment" are a basic form of building the spiritual civilization at grassroots. In the activities to build civilized units, we should make the activities extensive and, on this basis, emphasize improvement of the level, and build civilized towns and townships, civilized neighborhoods, civilized departments, and then a civilized city. The commanders and fighters of the PLA and the armed police forces, and public security cadres and policemen play an important role in building the spiritual civilization. The activities to build civilized units cooperatively by army and civilians, and by policemen and civilians should have a new development in both measures and content. In carrying out such activities, governments at all levels should continue the extensive and in-depth activities to support the army and give preferential treatment to families of revolutionary army and martyrs, and support the army to accomplish modernization. All trades and professions should launch wide activities to create "quality service, quality order, and quality environment," and make them regular and systematic. In particular, commercial units, catering and service trades, transportation, post and telecommunications industries, and other units which serve as "windows of society" should be the vanguards.

An important task for building the spiritual civilization in the new situation is to pay attention to resisting and opposing the corrosion and influence of capitalist corrupt ideas and culture in the course of persistent reform and opening to the outside world. Opening to the outside world will not only enable us to import advanced technologies and advanced management experiences, and accelerate our building of the material civilization but also will enable us to broaden our field of vision, and increase our knowledge through academic and cultural exchanges, and help in the building of the spiritual civilization. In our exchanges with foreign countries, however, we should maintain vigilance, and guard against the infiltration and corrosion of capitalist corrupt ideas and culture. With regard to this issue, we should, on the one hand, resolutely implement the policy of opening to the outside

world, and develop our friendly cooperative relations with the peoples of various countries, and on the other hand, conscientiously strengthen ideological and political work, raise the political awareness of the masses of cadres and people, in particular personnel dealing with external affairs, and increase their ability to distinguish and resist capitalist corrupt ideas and culture. In the meantime, we should adopt firm measures to strengthen management of the cultural market and recreation centers, safeguard the civilized and healthy environment for the people's lives, and ensure the smooth progress of opening to the outside world.

Fellow deputies! The function of the legal system to provide a guarantee is indispensable to the structural reform, opening to the outside world, and building the "two civilizations." Improvement of the socialist legal system is also urgently needed in further developing the socialist democracy. During the Seventh 5-Year Plan period, we should persistently "grasp with two hands," develop the legal system simultaneously with reform and economic construction, and gradually include economic relations, economic activities, and social life in the orbit of the legal system. Popularizing legal knowledge is a task to lay a foundation for enhancing the people's sense of the legal system. We should adopt various measures to publicize the Constitution as well as the criminal law, the civil law, the marriage law, the inheritance law, the economic contract law and other laws and regulations involving the vital interests of the people in order to enable the masses to understand the rights and obligations of citizens, and in 5 years, make legal knowledge practically universal throughout the province, and establish a good practice of abiding by law and discipline voluntarily. Strengthening local economic laws and regulations is a component part of implementing the state laws and decrees. During the Seventh 5-Year Plan period, the provincial government will work out some local rules and regulations concerning reform, opening to the outside world, economic construction, and administrative management on the basis of the Constitution and the laws and decrees promulgated by the state and in line with the actual conditions of our province, submit them to the provincial People's Congress or its Standing Committee for examination and approval, and issue them for implementation. In this way, a fairly complete system of local economic rules and regulations will be gradually established. Acting strictly according to law is a key link to the performance of the function of the legal system to provide a guarantee. All laws, decrees, and regulations, once promulgated, should be enforced resolutely. All departments and units, and all leading cadres and ordinary people should understand and abide by law, and see to it that all laws are abided by and strictly enforced, and those who violate laws are held accountable.

4. The Building of Government Organs During the Seventh 5-Year Plan Period

The people's governments at all levels are direct organizers in fulfilling the Seventh 5-Year Plan. Enhancing the building of government organs has a vital bearing on ensuring the successful fulfillment of the plan. Along with the in-depth development of the drive to conduct reforms in economic systems and the increasing expansion of economic and technical exchanges with the outside, the government has begun to shift its function of the direct management over production and business operation into one of the indirect

management over economic activities with intensive inspection and supervision. These government organs have shifted their practice of mainly relying on administrative measures to govern economic activities into one of adopting economic and legal measures to supplement their administrative measures. The government organs at all levels must adapt themselves to the new change, consciously accept the supervisions conducted by the People's Congress Standing Committee at their level and by the vast number of the people, and learn the new method of conducting leadership over economic work in order to bring about a great change in ideology and work style.

Correcting malpractices constitutes not only the prime task of enhancing the building of government organs, but also a problem that must be dealt with well during the Seventh 5-Year Plan period. Our country's old saying "example is better than precept" shows it well. The success or failure of the government organs in straightening out work style has a direct bearing on the government prestige and work efficiency and on achieving a fundamental turn for the better in social morale as soon as possible. Since 1985, the CPC Central Committee and the State Council have made a series of arrangements for straightening out organs' work style and set up a very high demand. Under the leadership of the provincial CPC Committee, the People's Governments at all levels have made up their mind, organized powerful bodies, enhanced their leadership over the work, gradually deepened the mobilization campaign in ideology, adopted stable and effective measures, and scored increasingly marked achievements in this regard. At present, malpractices against which the people have lodged strong complaints, such as striving to purchase or exchange the imported sedans, arbitrarily dispatching delegations and groups to go abroad, making tours and presenting gifts and banquets to guests by using public funds, and opening business firms and enterprises by the government organs and the organs' cadres, have been basically blocked. A large number of major and serious cases with regard to indulging in embezzlement, accepting bribes, and engaging in illegal purchases and sales, have been investigated and dealt with. In viewing the situation as a whole, the quality of staffers in the people's governments at all levels throughout the province has basically been fine. They have industriously done a great deal of work in various construction undertakings and only a few of them have caused problems that will not be hard to be dealt with as long as we make up our mind and earnestly grasp the problems. Straightening out work style among the government organs represents a long-term task. During the Seventh 5-Year Plan period, particularly in the first 2 years, it is imperative to regard the work of correcting malpractices as a prominent issue concerning the building of the government organs. First, we must earnestly implement the principle of "being resolute on the one hand and being patient on the other," fully discern the corrosive influence of malpractices on the government organs and the negative influence and social morale, further make up our minds in correcting malpractices, boldly face the reality and remove obstacles, accurately distinguish right from wrong, and be good at dealing with problems. Efforts should be made to educate the broad masses of cadres to make ideological preparations for waging long-term struggles against unhealthy trends and evil practices and to strive to achieve a fundamental turn for the

better in work style among the government organs by displaying their unswerving will. Second, leading organs and cadres should set examples in the work, and, particularly the organs at the provincial level and principal responsible persons at all levels should take the lead in investigating and correcting the existing problems. They should do first what they are ready to ask the masses to do and should be resolute in not doing what they prohibit the masses from doing. They should set examples for the people throughout the province by showing their completely new spiritual outlook and fine work style. Third, we must further establish or improve various regulations and rules. As for the exposed problems, we should analyze them in line with the principle of seeking truth from facts. Those that have been created by individuals should be investigated to establish their responsibility. Those that have been caused by the unreasonable provisions or by the inadequate system should be corrected in a timely manner by revising these provisions and systems in order to distinguish the things we should do from those we should not do, to ensure that both the people and cadres will have regulations to follow, and to make things convenient for conducting supervision and inspection.

Another important task for building government organs is to actually change their work style and enhance their work efficiency. Wholeheartedly serving the people is the basic purpose of the people's governments. Under the new situation of carrying out reforms, opening up to the outside world, and invigorating the national economy, governments at all levels and their functional departments should all strengthen the building of their own work style in line with this purpose and in accordance with the principle of "assuming overall responsibility for the overall situation, departments being responsible for their own work, cooperating with others on a voluntary basis, and serving the grassroots units." "Assuming overall responsibility for the overall situation" means: We should conscientiously implement party and state principles, policies, decrees, rules, and regulations; correctly handle the relationships among the state, collectives, and individuals; consciously submit ourselves to the state's macroeconomic management; resolutely strive for strict enforcement of orders and prohibitions; and always approach and solve various problems proceeding from the overall situation of the country and the province. "Serving the grassroots areas" means: We should continually carry forward the fine tradition of seeking truth from facts and maintaining close ties with the masses; should go deep into the reality to conduct investigations and studies and to give guidance to the work of the grassroots areas; should conscientiously implement the party's policies; should continue to solve the problems left over from history; and should help the masses overcome their practical problems in production and livelihood. In assuming overall responsibility for the overall situation, we stress on the sense of the overall situation. In serving the grassroots areas, we stress on the sense of masses. These two senses are the key to improving the work style of government organs, as well as the guiding ideology for appropriately handling relations between the higher and lower authorities and between different units at the same level. Only when these two senses are strengthened can we truly enable various departments to assume

responsibility for their own work and cooperate with each other on voluntary basis. When examining our work at the preceding stage in line with these two senses, we find that we still have a long way to go in the fields of assuming overall responsibility for the overall situation and serving the grassroots areas. For instance, we lack understanding of the utilization of the province's natural resources, and in particular the comprehensive development and utilization of our underground and coastal natural resources. We also lack the overall study and effective organizational coordination in terms of bringing along the development of the local economy through serving the oil field, coal field, and other key construction projects. To solve these problems, governments and functional departments at all levels must overcome the narrow regional idea and departmental idea, enhance the sense of responsibility and initiative, give full play to the functional role of rationalizing management; and raise the level of work efficiency and service. Handling affairs on the spot is a good form to improve work style, serve the grassroots units, and raise work efficiency. The provincial people's government has planned that beginning from the second half of this year, it will conduct investigations and studies, and handle affairs on the spot in order to solve one after another the problems in developing and building the Huang He beach areas and the northwest areas of the province, and the problems in serving the Shengli Oil Field and the Zhongyuan Oil Field, in the course of further solving the problems of the Yimeng mountainous area, other poverty-stricken areas, lake areas, and sea islands. Various localities should also do more solid jobs in line with this spirit and in light of their own weak links. So long as we adhere to this work, we will certainly be able to build governments at all levels into people's governments which are firm in politics, strict in organizational discipline, highly efficient, and trusted by the masses.

In strengthening the building of government organs, we must regard the improvement of the competence of all working personnel as a basic work, and must put this work in an extremely important position. Practices and experiences gained in the past several years prove: Basically speaking, the reason why there are still many defects and mistakes in our economic work is our low level in understanding Marxism-Leninism Thought, the lack of scientific and general knowledge, and the lack of experience in organizing and leading the socialist mass production. To overcome these defects, we should first strengthen the study of theories, second conduct training on professional knowledge, and third temper ourselves in practice. During the Seventh 5-Year Plan period, governments at all levels should further organize cadres to study the basic theory of Marxism-Leninism Thought, and modern science, culture, and operational and managerial knowledge. Leading cadres should conduct broader, deeper, and more successful study, trying not only to increase their ability to analyze and solve problems with a Marxist stand, viewpoints, and methods but also to master the specialized and management knowledge needed in leading the modernization drive and the commodity economy. Measures for the study should be flexible and varied. While selecting and sending cadres for training and advanced study in a planned manner and opening various types of short-term training courses, we should actively provide favorable conditions to support and encourage them to become qualified through self-study. We should strive

to make practically all the cadres of government organs throughout the province attain an education level at or above the senior middle school by 1990. In order to improve their competence, cadres should both learn from books in line with actual needs, and pay close attention to enhancing their ability in the course of practice. We should continue to organize cadres of government departments, and send them group after group at different times to work at grassroots in order to undergo training. Some of them should be sent to the rural areas to help poor units change their outlook, and others should be sent to the industrial, communications, financial and trade fronts to help invigorate enterprises. In particular, we should send more cadres to workshops of key projects and large and medium-sized enterprises to receive training. We should cultivate a great number of outstanding personnel through such study and training.

Properly expanding the power of county-level governments and strengthening grassroots political power are of particularly important significance in fulfilling the various tasks for the Seventh 5-Year Plan period. Counties are places where the urban and rural areas join, and county-level governments shoulder the double tasks of macroeconomic control and microeconomic flexibility. It is mainly by counties that the party's rural principles and policies are implemented. Leadership of county-level organizations is also indispensable to the development of the role of central cities, the construction of small cities and towns, development and utilization of local resources, and the coordinated development of the urban and rural economy. The current major problem affecting the full performance of the functions of county-level governments is departments' great intervention in county work, exercising too rigid control over many areas. During the Seventh 5-Year Plan period, we should gradually expand the decision making power of county-level organizations following the deepening of the economic structural reform. We should first of all solve the problems in three areas in the next 1 or 2 years. First, we should further study ways to improve the financial system, boost the enthusiasm of county-level organizations for increasing revenue and cutting expenditure, and gradually consolidate and strengthen county-level finance. Except for the portion that should be set aside, counties should be allowed to flexibly use the funds appropriated to them. With regard to the funds for various specialized purposes allocated by different higher operational departments, we should also allow counties to lump them together for use if the purposes are similar. Second, in appointing, transferring, awarding, and punishing the cadres subject to the management of the administrative system of departments, we should solicit and respect the opinions of counties. Third, except for supervision and inspection departments, counties are allowed to decide on the establishment of their government organs in line with their own situations as long as the staffing approved by higher levels is not exceeded. With a view to developing their advantage and suiting the needs in their work, counties may strengthen some departments and disband or merge others, and their organs at higher and lower levels do not have to be of the same system as long as there are people to hold the responsibility of the work. Provincial, city and prefectural operational departments are not

permitted to withhold the funds, materials, and technologies to be supplied to these organs just because they are not of the same system. Anyone involved in such problems in the future shall be held responsible. Town and township governments, as grassroots organs of power for the people's democratic dictatorship, and villagers' committees, as organizations of the autonomy of the masses, shoulder particularly important responsibilities for implementing the party's line, principles, and policies, and serving the masses. During the Sixth 5-Year Plan period, we changed the old system of integrating government administration with commune management, and extensively established town and township governments and villagers' committees. The masses of grassroots cadres did a great amount of work diligently and made positive contributions to the development of the rural economy.

In order to meet the needs of the Seventh 5-Year new tasks, in the next few years, we should further strengthen the building of political power in the grassroots levels while carrying out party rectification and strive to improve the quality of the ranks of grassroots cadres. We should readjust and replenish the leading bodies in line with the four requirements for cadres and enable them to become a strong core in building the "two civilizations" in the rural areas. The grassroots cadres should be educated to firmly foster a sense of keeping the interests of the masses in mind and a sense of implementing policies and the legal system, show concern for the hardships of the masses, improve work style and work methods, and lead the masses in following a road toward common prosperity by strengthening the comprehensive handling of social public security problems is also one of the important tasks of government work. In the past few years, the public security situation of the province has been improved steadily and the sense of safety of the broad masses of people has been strengthened universally. However, we still have many problems in this field. Some localities and units have failed to pay full attention to organizing and mobilizing social forces to comprehensively tackle the problems. There are too many work plans but too little specific guidance and the grassroots social security work is comparatively weak. In strengthening social security work and comprehensively tackling problems, we should apply legal means to strictly punish criminals and strengthen safety and preventive measures for weak links so as to bring about both temporary and radical solutions for the problems. We should combine the work of the specialized departments and that of the masses, follow the road of guarding against and dealing with crimes through the efforts of the masses, make continued efforts to deal strict blows to serious criminal offenses and economic crimes, and eliminate the repulsive phenomenon of corrupting social habits and order. The governments at all levels should strengthen leadership over the work of tackling public security problems in all fields. All fronts and departments should closely coordinate with one another in grasping and managing the work, conscientiously implement the responsibility system in security and protection work, establish and improve the grassroots security and mediative organs, do a good job in educating youths, and safeguard the legal rights and interests of women and children. All personnel of the government organs should work honestly and serve as models in observing discipline and the law. The masses should have the

right to inform against those who abuse their powers to seek personal gains and seriously neglect their duties, and the relevant departments should strictly deal with them. We should strive to achieve a fundamental turn for the better in improving social habits and security within a short period of time through the concerted efforts of all the people throughout the province.

Fellow deputies! Reviewing the great achievements scored during the Sixth 5-Year Plan period, and looking forward to the bright future, we are full of confidence in winning a victory. The year 1986 is the first year for implementing the Seventh 5-Year Plan. Doing a good job in the work of the first year is of great significance in realizing the fighting objective defined in the plan. In the first 4 months of this year, we made new progress in various undertakings and witnessed a good beginning. We should make persistent efforts and advance continuously. The workers, peasants, and intellectuals throughout the province and all laborers, the broad masses of cadres, commanders and fighters of the PLA, public security cadres and policemen, and various democratic party and nonparty patriotic personages and persons from various mass organizations should rally more closely together, enhance their spirit, blaze new trails, work diligently and realistically, and make greater contributions to comprehensively fulfilling or overfulfilling the Seventh 5-Year Plan, and making the motherland rich and strong and Shandong Province prosperous.

/8309

CSO: 4006/1118

MINERAL RESOURCES

ANHUI GOVERNOR INSPECTS IRON MINE ACCIDENT

OWO40215 Hefei ANHUI RIBAO in Chinese 11 May 86 p 1

[Excerpts] According to a dispatch from Maanshan, at the Huangmeishan Iron Mine, an 80-meter midsection of the 395-meter by 45-meter embankment containing the mine's iron ore tailings collapsed in the early morning of 30 April; 31 houses in Hengshan and Yaogang Villages located at the foot of the embankment were destroyed by some 700,000 cubic meters of mud and sand. As of 6 May, 16 people were dead, 3 others missing, and 96 injured.

Shortly after the accident, Xu Qing, secretary of the Maanshan municipal party committee; Zhou Yude, mayor of Maanshan; Jiang Chiru, secretary of the Dangtu County party committee; and other leading comrades arrived at the scene of the accident to organize mine workers and local peasants to deal with the emergency. Xu Leyi, deputy secretary of the Anhui provincial party committee, and leading comrades of the Ministry of Labor and Personnel, the Ministry of Metallurgical Industry, and relevant provincial departments also came to the mine.

On 3 May, Anhui Governor Wang Yuzhao inspected the scene of the accident and gave important instructions of relief work. He was satisfied with the orderly relief operation quickly organized and the good public order. He said the provincial government will allocate special funds to help the disaster-stricken families rebuild their homes and to resume production.

The relevant departments are investigating the cause of the accident.

/12712

CSO: 4006/1103

INDUSTRY

BAOSHAN STEEL MILL ROLLS OUT FIRST SEAMLESS STEEL TUBE

Shanghai JIEFANG RIBAO in Chinese 26 Nov 85 p 1

[By reporter Pei Tongxiao [5952 6639 4562]: "Baoshan Rolls Out First Seamless Steel Tube; Yesterday, Wang Heshou [3769 7729 1108] and Han Guang [7281 0342] Watched Rolling Process"]

[Text.] As the last item in the first stage of the Baoshan Steel Mill project, the seamless steel tube plant of the Baoshan Steel Mill yesterday rolled out the first seamless steel, when raw material began to be fed to the heated section in a trial run. Wang Heshou, second secretary of the Central Discipline Inspection Commission, and Han Guang, permanent secretary of the CPC, watched the seamless tube rolling process.

The seamless steel tube plant of the Baoshan Steel Mill occupies an area of 451,000 sq m; its main installations are a punching machine, a continuous rolling machine, a thickening machine, and six large industrial boilers. All installations together weigh 28,597 t; they are completely managed and controlled through 5 electronic computers at three stages at three stages and can produce three types, namely carbon steel, low-alloy steel, and alloy structural steel, and can, furthermore, roll out oil well tubing, coal mine tubing, and other types of steel tubes. After starting up production, the plant can produce 500,000 t of seamless steel tubes annually. This plant is the product of the first stage of the Baoshan engineering project and is a key item for the success of the project.

The total investment in the seamless tube plant of the Baoshan Steel Mill is 1,185 million yuan. Over two-fifth of its installations were imported from the FRG, and almost two-fifth of its installations were manufactured either in a joint Chinese-German operation or separately by the Chinese and German parties. The great variety of materials and items had complicated all control and checking work, in addition work had started late and time was short; all this contributed to various difficulties for those who had contracted for the main work in the 20 metallurgical constructions at Baoshan. However, the large number of staff and workers involved, imbued with a high sense of responsibility toward the party and the people, labored day and night in an arduous struggle at the work site; they performed work of high quality and with great efficiency, making it possible for the seamless tube plant to roll out seamless tubes at an early date.

9808
CSO: 4006/497

FOREIGN TRADE AND INVESTMENT

CHINA

SWEDEN'S PHARMACIA ASKED TO DIRECT BIOTECH PROJECT

Stockholm SVENSKA DAGBLADET in Swedish 14 May 86 Section 3, p 3

[Article by Sune Olofson]

[Text] The Chinese state has asked Pharmacia to develop and direct China's biotechnology program. The head of China's Biotechnology Center in Shanghai, Prof Zhenping Xiong, is currently in Uppsala. An agreement with Pharmacia can be expected this fall.

That is when a state delegation from China will make an official visit to Stockholm. The agreement may lead to business worth many millions of kronor to Pharmacia.

"Zhenping Xiong, who is China's foremost expert on biotechnology, has asked for Pharmacia's assistance in developing China's biotechnology program," says Nils Ingvar Olsson, Pharmacia's deputy managing director and head of its biotechnology group.

Agreement in Principle

An agreement in principle covering cooperation with China's Pharmaceutical Administration was signed by China and Pharmacia last year. Erik Danielsson, Pharmacia's managing director, and Nils Ingvar Olsson visited China last year, and plans were drawn up at that time for more detailed cooperation.

"We have already started some training in China, with product lectures, seminars, and symposiums," says Nils Ingvar Olsson.

Pharmacia also has a sales office in Hong Kong, and there are Chinese researchers at Pharmacia in Uppsala.

Zhenping Xiong told SVENSKA DAGBLADET:

"The development of biotechnology is part of China's 5-year plan. We are extremely happy to have contacts with Pharmacia, which we regard as one of the world's leading biotechnology firms. To begin with, we will have access to Pharmacia's research and know-how, which we believe will eventually lead to

our own production. China must increase production in many areas to secure economic gain."

The Pharmaceutical Institute in Shanghai, which is China's largest research center, has 1,050 employees, 240 of whom are researchers.

Symposium

Prof Zhenping Xiong is currently a guest at an international symposium on biotechnology in Uppsala. The symposium was organized by the Engineering Foundation in New York. Participating are 200 of the world's leading experts in the field. This is the first time that the Engineering Foundation has held an international symposium in Europe.

Pharmacia is at an interesting stage of development in biotechnology. Pharmacia has become a world leader in the field of separation and purification technology. Researchers the world over regard the biotechnology group as unique from the standpoint of the breadth and depth attained in biotechnology.

"There are observers who feel that the market for products manufactured through biotechnology will reach \$50 billion as early as the 1990's, and that is from 10 to 20 times larger than today's market. Pharmacia is supremely a part of that picture," says Nils Ingvar Olsson.

Last year, Pharmacia's biotechnology group alone sold 826 million kronor worth of remedies, products, and know-how.

11798

CSO: 3650/225

HONG KONG

DOMESTIC EXPORTS, RE-EXPORTS SHOW 7 PERCENT DECLINE

HK060711 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English
6 May 86 p 3

[Text] Domestic export and re-export volume fell in the first 2 months of the year against the same period last year, but imports rose, according to the Census and Statistics Department.

Figures released yesterday show domestic exports and re-exports fell 8 percent and 6 percent respectively, giving a drop in total exports of 7 percent, while import volume rose 3 percent.

The largest declines in domestic exports came in domestic electrical appliances which fell 22 percent in volume and 28 percent in value and metal ore and scrap [words indistinct] 30 percent.

Travel goods also fell heavily, by 24 percent in volume and 20 percent in value while radios fell 19 percent and 26 percent.

Electronic components fell 19 percent in volume and 12 percent in value, textile made-ups dipped 6 percent and 9 percent while metal goods fell 8 percent and 10 percent.

The only categories to score increases were textile fabrics, up 10 percent in volume and 4 percent in value; yarn and thread, which rose 11 percent and 5 percent; footwear, up 5 percent and 4 percent, and watches and clocks, up 10 percent and 9 percent.

Capital goods was the sole import category to decline, falling 12 percent in volume and 2 percent in value.

Foods rose 17 percent in volume and 12 percent in value, raw materials and semi-manufactures rose 8 percent and 6 percent, fuels 21 percent and 10 percent.

The value of consumer goods rose 5 percent although the volume was almost unchanged.

Re-exports were mixed in the 2-month period. Food rose sharply by 30 percent in volume and 32 percent in value, raw materials and semi-manufacture rose 7 percent and 2 percent, while fuels jumped by 33 percent in both volume and value.

The biggest decline was registered by capital goods, which dropped 35 percent in volume and 31 percent in value, while consumer goods fell 8 percent and 6 percent.

/8918

CSO: 4020/348

END

END OF

FICHE

DATE FILMED

19 AUGUST 1986